

For December 2008, David Gelbaum reported the sale of 1,790,274 shares; the average share price was 0.57973 \$.

Having bought the bulk (7,087,396) of his shares at an average of 1.9939 \$, we calculate that only for December 2008, he "SPENT" 2,531,804 \$ to keep the price around 0.50.

What is going on here?

- Why does someone chose to loose this amount of money? In one month?
- Why does your investor keep the share price down?

Having read your letter to SEC (Release No. 34-58785 File No. S7-31-08), I understand the dangerous reality of a low PPS is (only now) getting to you.

Why are you not making the link to Gelbaum? "As we have made steady progress toward commercializing our technology, there has been a significant level of short selling in our company's stock. This has made it more difficult for us to raise capital at reasonable terms"

If you would see the BCON graph for January 2<sup>nd</sup>; seeing the huge blocks under any other ask, you would understand someone does not want the share price to go up. You would thus understand someone does not want you to raise capital "at reasonable terms".

You know who that is.

The reason is not with the short selling. The short selling is a result of Gelbaum. Gelbaum is the reason.

Remove (attack) the Gelbaum factor and – with the steady progress you are talking about – the current short interest will dissolve.

Regards,

Alain Engelen

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]

**Sent:** Tuesday, December 23, 2008 12:36 AM

**To:** 'Hunt, Gene'; 'Lyons, Chet'; 'Lazarewicz, Matt'; 'Capp, Bill'; 'Polimeno, Matt'

**Subject:** RE: Hunt replies to Mr. Engelen

Mr Hunt,

Polite maybe.

Respectful? Do you call 'Whishing the best', 'Thanking for continuous support' respectful upon today's news?

You take over €2.000 from me on Christmas day and you'd say 'Best wishes for the holidays'? Do I understand well that you really think you didn't do anything wrong?

You do not believe there's anything more you can tell?

You've never told anything. You never had an answer and still now you have no answer to any of my points. So this suits you well.

- You raise money at ever lows? How close were you to closing business?
- Your biggest shareholder gets out at a rate of 1M shares a month

- Over 10% of your shares are short, waiting to cover? And 0.50 doesn't get them to start. Are they waiting 0.25? Or another scenario?
- ⇒ and everything is alright? What are you doing Mr. Hunt? Are you, or aren't you responsible for Investor Relations?

You should take a look at some of the message boards related to BCON, and taste some of the real-world problems / ideas people are struggling with.  
I didn't write this one "Bonus time at bcon" but I couldn't express my feeling any better.

You will have no problem with Christmas, I know. No scruples at all.

Alain Engelen

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**From:** Hunt, Gene [mailto:hunt@beaconpower.com]  
**Sent:** Monday, December 22, 2008 9:51 PM  
**To:** Alain Engelen  
**Subject:** Hunt replies to Mr. Engelen

Mr. Engelen:

We are sorry if you believe that a polite and respectful answer to a shareholder question is unacceptable and that you take offense to such a response.

We understand that you are upset and disappointed at this particular time. I do not believe there is anything more I can tell you that will change this – but I wanted to write to let you know we do read your correspondence.

Gene Hunt

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]  
**Sent:** Monday, December 22, 2008 2:44 PM  
**To:** Hunt, Gene  
**Cc:** Lyons, Chet; Lazarewicz, Matt; Capp, Bill; Polimeno, Matt  
**Subject:** Hunt replies to Mr. Davis

Dear Mr. Davis:

Thank you for your note. Regarding the financing, I cannot comment other than to let you know that the investors involved have elected not to have their names made public, a condition by which we must abide.

Thanks for your continued support of our company.

Best wishes for the holidays,

Gene Hunt

Five big mistakes here:

- Why are you trying to keep Mr. Davis believe that the 'Investor' wanted by all means to get in?  
If your investor was so keen in holding BCON, he would have bought on the open market.  
Mr. Gelbaum would have been happy to pass over his shares.
- But no, D.G didn't! Why, not because of the investor; but because you needed money !  
Why are you trying to keep Mr. Davis believe that the 'Investor' wanted by all means to get in?
- Continued support; read forced support! You did not ask me to support you in this new price level!  
You have pushed me to a level where selling is equivalent to throwing my shares in the toilet.  
How dare you ! saying thank you!
- How dare you, wishing all best ! Two days before Christmas, you take 2.000 euros from me. And you would say "merry Christmas"?  
You will have no problem with Christmas. Your salary didn't change!  
To keep your salary, you've taken 2.000 euro's from me and my children. Think about that!
- The fact you did this two days before Christmas, at a ridiculous 0.50 (this ever low reflects how much you lied to me about Beacon's efforts and your believe that you will 'get there') moreover shows how Beacon is standing against the wall.  
What are you saying now to people? To keep there shares so that you can have a new round at 0.35; then 0.15? Then declare going private?

But a merry Christmas to you.

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]  
**Sent:** Monday, December 22, 2008 5:26 PM  
**To:** 'Hunt, Gene'  
**Cc:** 'Lyons, Chet'; 'Lazarewicz, Matt'; 'Capp, Bill'; 'Polimeno, Matt'  
**Subject:** RE: Response from Beacon Power  
**Importance:** High

Mr Hunt,

I have sent you a few mails on some of which I received an answer.

I have been very open to you with regard to my personal feelings and the disaster I am in with regard to what is left over from my early investment in BCON.

I continued to 'believe' in Beacon, the fact notwithstanding that you treated me as a child, trying to make me believe that BCON's share price was related to overall market conditions; that David Gelbaum's behaviour was not something you could control.

Today, you decided to sell my shares – worth \$0.67 half an hour ago, at \$0.50; you didn't ask; you just decided to take €2.000 from me.  
You may have a legal structure to hide behind which allows you to be convinced that this action is as well in the interest of the company and of the shareholders; but I? I have been stolen!  
It is clear now what the value is of Beacon; and the reality of the extremely bad position you are in.  
It is clear now that you know your efforts are in vain.  
It is clear now what the shorts are waiting. They know.  
It is clear now, what the value is of Beacon's management.

2,5 months following a \$8M raising you now dilute with nearly same amount of shares to raise half the money. 8M on 2,5 months.  
Your next round will be at \$0.35, I estimate early January 2009.  
I have been stolen by Gelbaum, by you and obviously by some Beacon-GB conspiracy of which you are well aware.

I will not stop to write to SEC, message boards, investor sites where I will continue to claim the dishonest behaviour of the BCON board. The above legal structure will help you to smile this away; but it will be a dirty smile, and you know that.

Did you hand in a month salary to get BCON out of the mud you brought it in?  
Of course not; it was easier to take it from me.

For your info, this was the October 'reason': The investment will be used to fund operations, including completing flywheel systems for commercial deployment of five megawatts of frequency regulation service by the end of the year.

And this is today's: The capital will be used to fund ongoing operations, including flywheel manufacturing, and the continued development of Beacon's frequency regulation facility in New England.

Are you sure about the flywheels? Are you sure about the regulation services?

Alain Engelen

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]  
**Sent:** Monday, December 08, 2008 6:59 PM  
**To:** 'Hunt, Gene'  
**Cc:** 'Lyons, Chet'; 'Lazarewicz, Matt'; 'Capp, Bill'; 'Polimeno, Matt'  
**Subject:** RE: Response from Beacon Power

Dear Mr. Hunt,

I appreciate the fact that you reply. But I cannot say I agree on every point.

1. I understand – I share it! – the pain of the employee. But as he is bound to a controlled program, he cannot sell / buy 'freely'.  
As well, this fact explains nothing about what might be his/her intention
2. You mentioned the market conditions already in a previous mail: however
  - a. Most environment-related stocks were up over 20% from their year-low (around Beacon's PR on November 21<sup>st</sup>).
  - b. The last two trading days these have added another 10% - 20%.
  - c. As a strange contrast to BCON ( -0.01 as I type).  
BCON lost 10% since the encouraging PR
  - d. BCON is shorted for around 14% of its float!
  - e. BCON is being sold-off on a nearly day-basis by one of your initial supporters, i.e. David Gelbaum.
  - f. The share price is for these reasons totally 'corrupted', in a sense that
    - i. No buyers; all are scared of Gelbaum's unknown intentions – What's Beacon's protection against a \$0.1 share price?
    - ii. Additionally, all know that – in order to create room for covering 10M shares; shorts can be very mean; they can manipulate it to very low, and keep it there for very long – What's Beacon's scenario in a \$0.1 share price in June 2009?
    - iii. No sellers unless the ones that drop out, swallowing a 50%+ loss; it came so very fast and unexpectedly! And somewhere – as you say – this was assigned to the general economic decline.  
But today, it is not the economic decline that holds BCON on its last week constant level of 0.55.

I haven't asked for personal advice.

- Rather I asked you to fight this un-natural situation, not only through focus/effort on product, but as well on shareholder interest.
- Rather I ask for a picture of what's going on, for me – and every individual – to understand the better step to take.

And the only way you can work to 'normalise' the today's corrupted trade of BCON, is through consequent informing. Give everybody a reason to come to the market; give shorts a reason to be afraid as well – the way conventional buyers are afraid every day every day.

Kind regards,

Alain Engelen  
00963 9 32 59 68 58

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**From:** Hunt, Gene [mailto:hunt@beaconpower.com]  
**Sent:** Monday, December 08, 2008 4:54 PM  
**To:** Alain Engelen

**Cc:** Lyons, Chet; Lazarewicz, Matt; Capp, Bill; Polimeno, Matt  
**Subject:** RE: Response from Beacon Power

Dear Mr. Engelen:

We understand what you're experiencing and we regret the situation. I'm sure you're aware that you are not alone in feeling the impact of our lower share price of late. There are many shareholders in the same position, and they include every Beacon employee – some of whom hold a considerable number of shares. In addition, perhaps the most significant cause of market decline today is the global financial crisis, which is affecting everyone and every stock. There's not much that we as a company (or you as an investor) can do to change that.

As far as your Beacon investment is concerned, it's up to you to decide what to do with it – we cannot advise you either way. I would like to say that we are all working hard to achieve the goal of becoming a commercial provider of clean regulation service on the grid, and thereby increase shareholder value. We believe we will get there, through continued effort. Progress is being made and more will come.

Regarding the February 26<sup>th</sup> deadline for DOE loan guarantee submissions; that date refers to the second round of such applications. Our application was part of the first round, the deadline for which was reached earlier.

Thank you for your support of Beacon Power.

Best regards,  
Gene Hunt

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**From:** Alain Engelen [mailto:[alain.engelen@dbiss.be](mailto:alain.engelen@dbiss.be)]  
**Sent:** Sunday, December 07, 2008 11:21 AM  
**To:** Hunt, Gene  
**Cc:** Lyons, Chet; Lazarewicz, Matt; Capp, Bill; Polimeno, Matt  
**Subject:** RE: Response from Beacon Power  
**Importance:** High

Dear Mr. Hunt,

I have no view any more on what is going on;

1. D. Gelbaum sold another 214.000 shares, reported December 5<sup>th</sup>.
2. Is it true that the DOE is still in the application phase, with final submission dates due February 26, 2009 only?
3. How are the commercialisation and its revenue generation going?

Please know that I hold 26.600 shares at a consolidated 1.32\$ per share, hardly 3 months old. At today's closure of 0.55\$, that means I am negative for an incredible 20.000\$

Please,

- I have never earned 20.000\$ in three months
- I don't think I've saved that amount in one year.
- I didn't expect going back for Christmas and have such bad news to hide from my daughters
- It was no stupid investment – not from a product & business model point of view. I'm therefore having problems now to get out.

I must remind you that, when Beacon decided to issue shares and raise money, as a result of which the share price goes down, this decision involved my investment. No-one asked me if I was happy with offering 10% for the sake of Beacon. And certainly no-one asked me whether I was happy to donate some of my savings to the ones that are shorting your shares.

Somebody has taken away my savings; and is continuing to nibble from it. Is this Nice? Is this NICE?

Please, I beg you; give a hold / dump sign; and allow me to get over this pain; make it a one-moment pain. I helped you to continue. So please inform.

Alain Engelen  
00963 9 32 59 68 58

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]  
**Sent:** Friday, December 05, 2008 6:14 PM  
**To:** 'Hunt, Gene'  
**Cc:** 'Lyons, Chet'  
**Subject:** RE: Response from Beacon Power

Dear Mr. Hunt,

Please.

Please inform on the status of the connection to the grid.  
Please inform on the status of the DOE guarantee? Where are we in the process? When is approval to be expected?

Please,

Alain Engelen  
00963 9 32 59 68 58

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]  
**Sent:** Wednesday, December 03, 2008 12:04 AM  
**To:** 'Hunt, Gene'  
**Cc:** 'Lyons, Chet'  
**Subject:** RE: Response from Beacon Power  
**Importance:** High

Dear Mr. Hunt,

Today, BCON got another hit – in a market quite bullish. Let's forget about yesterday's 13% drop?

Following your last positive update, BCON lost 40% in value.

With all respect, Mr. Lyons related BCON to a general market decline and without doubt, that is true.

But I would turn this differently; BCON is under severe attack; and the general market is an ally. Sure Mr. Gelbaum's role cannot be understood; but I would define it as unacceptable. I personally feel as being robbed, day after day.

I assume it was Mr. Gelbaum, reversing today's initial positive move.

Please inform about Beacon's protection against being suffocated.

Please inform about the steps taken against this abnormal shorted volume – 14% of your float? Is SEC having a look into this?

Please inform about the status of the DOE guarantee.

Please inform about the status of the connection.

Please.

Kind regards,

Alain Engelen  
00963 9 32 59 68 58

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]  
**Sent:** Monday, December 01, 2008 10:36 PM  
**To:** 'Hunt, Gene'  
**Cc:** 'Lyons, Chet'  
**Subject:** RE: Response from Beacon Power

Dear Mr. Hunt, dear Mr. Lyons,

Many thanks for your replies.

For your information, I am currently completing Arabic in Damascus, Syria. I decided to study the language after having been in Syria for 15 months, during which I was an IT project manager, amongst other on a project related to sustainable development. My education was Quantum Chemistry though.

This to illustrate that environment & physics are not strange to me; I didn't buy BCON shares with financial intention only. Of course, I cannot afford philanthropy, and seeing my input more than halved hurts a lot.

Still, I believe you, when you mention your endeavour. And eventually, it will lead to a successful business- and environment-friendly model.

But I am just so scared about behind-the-scene activities, loose of any endeavour / success / environment. And, as you point out, the existence of 10M short shares; patiently waiting throughout Mr. Gelbaum's continuous dumping of shares, are only supporting my fear. At this stage of Beacon's activity, access to available funds is a priority; and raising money at a share price of \$0.60 is not the same as it would be at \$2.00. What at 0.10?

Yes, I hope you protected carefully against these unreal forces and yes, I hope you are in contact with SEC to follow up on the abnormal shorting against BCON.

I understand you must be careful with announcements, but maybe at this stage of unreal forces, it might not harm to regularly update, however basic the news.

Beste groeten,

Alain Engelen  
00963 9 32 59 68 58

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**From:** Hunt, Gene [mailto:hunt@beaconpower.com]  
**Sent:** Monday, December 01, 2008 8:22 PM  
**To:** Alain Engelen  
**Cc:** Lyons, Chet  
**Subject:** Response from Beacon Power

Dear Mr. Engelen:

First, my apologies for not responding until now. As you can imagine, we receive a large volume of communications each day and can only respond to some of them. I see that Chet Lyons also responded to you – I will add to his comments.

Your concerns are quite valid and shared by many other investors. I would also include in that group every Beacon employee from the CEO on down, as we are all shareholders too. That said, there is only so much a company can do against the selling by the Quercus Trust and the overall short selling that has been going on. We are taking steps to try to combat that activity and we hope they will help. In the end, unless the SEC takes action, a company can only do what it can: achieve milestones and announce them as we have been.

We are working hard to connect additional megawatts of energy storage to the grid and generate revenue. We believe we will be successful and that those achievements will result in an increase of shareholder value. We hope that Beacon shareholders will maintain a similarly positive outlook.

Thank you for your support of Beacon Power.

Beste groeten/  
Bien amicalement,

Gene Hunt

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**From:** Alain Engelen [mailto:[alain.engelen@dbiss.be](mailto:alain.engelen@dbiss.be)]  
**Sent:** Thursday, November 27, 2008 1:32 PM  
**To:** Hunt, Gene  
**Subject:** Quercus / Gelbaum

Dear Sir,

I think I, and other investors are no longer understanding the position of Quercus and David Gelbaum with regard to the BCON shares.

Why did Quercus add 7 million shares at nearly 2\$/share to start selling immediately thereafter – for a total of 9 million shares (!) – and continuing today; while we all know that there are an incredible 10 million shares short patiently waiting for coverage?

What does Quercus know that the investor does not know?

I invested some savings into BCON because of the believe in a need for a better environment and seeing Beacon's promising model.

But my savings have been halved; the promising news notwithstanding.

I – and other investors – would greatly appreciate your comments on this?  
I personally would be chocked – and hit very hard – to having to assist to some Machiavelli setup which would go totally against the social aspect which is as well environment to me!

Hoping for a quick update on Beacon's position,

Kind regards,

Alain Engelen

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**From:** Alain Engelen [mailto:alain.engelen@dbiss.be]  
**Sent:** Thursday, November 20, 2008 11:38 PM  
**To:** 'hunt@beaconpower.com'  
**Subject:** BCON Position

Dear Sir,

I invested in BCON but sadly enough, it isn't doing me any good since a few months. Especially the last two days have been very painful and – I must say – unbelievable.

Indeed, I would have assumed that the rather optimistic news on November 18<sup>th</sup> would have put a stop on BCON's decline;  
On the contrary; BCON lost over 40% of its value yesterday and today.

Don't take me wrong; I am not accusing BCON.  
It is to me very clear that the markets are no longer responding to economic concern. They respond to orchestrated short-covering.  
The current economic environment is merely a very strong ally to these shorters – of whom I suspect not to be working according to any rule anymore.  
Hence why I said 'orchestrated'.

Having followed the last two days, I must admit that I do not see any solution to this problem; unless it comes from the market management; but they appear not to be responding to my calls & demands. Fake shares, illegal shares, I wouldn't know how to call it, but it is all there.  
The BCON shorters are defending some 10M BCON shares and sure will not let go. Are they waiting for some of the funds to get tired and step out? Where else will they find 10M shares to cover?

Meaning that, from a PPS point of view, Beacon's future does not look bright. And the share price should therefore be your concern as well.  
What measures have been put in place to defend against this phenomenon?

I can at least depict one big error at the SEC level; i.e. having abandoned the uptick rule; it requested 'shorters' to be anxious. Without the rule, they may lay back, while their computer program – a BID for 100 shares and a sell of proper shares to that bid – ensures the downward movement. There is no 'Lowest'; after all, they need to create space to cover 10M shares...

That was a big error at the SEC level.  
And the stupid (sorry) error was not to restore it, not even now, while they should be watching it; it happens at every position.

Can you not 'require' this rule to be re-instored? Do you have other means to counter this unfair assault?

Thanks for a reply,

Kind regards  
Alain Engelen