

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 *
 Fox John C

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) | Price | | |
| | | | | Code | V | Amount | Price |

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

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SEC 1474 (9-02)

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 ⁽¹⁾⁽²⁾ | 1,400 ⁽¹⁾ | 01/31/2008 01/31/2018 | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 0.47 | 04/03/2008 | | A ⁽¹⁾⁽²⁾ | 1,400 ⁽¹⁾ | 04/03/2008 04/03/2018 | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Fox John C C/O PERSEUS, L.L.C. 2099 PENNSYLVANIA AVE., N.W., 9TH FLOOR WASHINGTON, DC 20006 | X | | | |

Signatures

/s/ John C. Fox 04/10/2008
 **Signature of Date
 Reporting Person

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) These non-qualified stock options were granted to John C. Fox on January 31, 2008 and April 3, 2008, respectively, pursuant to the Distributed Energy Systems Corp. Board of Directors Compensation program and are 100% vested at the time of the grant.
- Mr. Fox was nominated by Perseus Partners VII, L.P. ("Perseus VII") as a director of the Issuer, pursuant to Perseus VII's rights under a Securities Purchase Agreement, dated May 10, 2007, between Perseus VII and the Issuer. Mr. Fox holds all options, shares of restricted common stock and other securities issued to him as a nominee of Perseus VII, and disclaims beneficial ownership thereof, except to the extent he may have any pecuniary interest therein.
- 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. 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.
- (3) 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 have been or may be issued to Mr. Fox as a nominee of Perseus VII.

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Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.