

DISTRIBUTED ENERGY SYSTEMS CORP
 Form 4
 March 17, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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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)
 03/13/2008

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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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)
Senior Secured Convertible Promissory Note	\$ 0.33	03/13/2008		P	\$ 1,500,000 (1) (2)	03/13/2008 11/30/2008	Common Stock 4,

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 ** Teresa Y. Bernstein, Secretary and Treasurer 03/17/2008
 **Signature of Reporting Person Date

/s/ Teresa Y. Bernstein, Attorney-In-Fact for Frank H. Pearl 03/17/2008
 **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 March 13, 2008, Perseus VII purchased from the Issuer a senior secured convertible promissory note (the "Convertible Note") in the principal amount of \$1.5 million. The Convertible Note is convertible into a maximum of 4,545,454 shares of the Issuer's common stock. The Convertible Note bears interest at a rate of 12.5% per annum, with such interest payable, in the Issuer's discretion, either in cash or in kind by the issuance of additional senior secured convertible promissory notes (the "Additional Convertible Notes"). As with the Convertible Note, the Additional Convertible Notes also will be convertible into shares of common stock of the Issuer at a price equal to \$0.33 per share. (Continued on the next footnote)...

(2) (Continued from footnote 1)...Assuming that all interest payable on the Convertible Note through its scheduled maturity is paid by the issuance of Additional Convertible Notes, that all Additional Convertible Notes are fully converted, and that neither the Convertible Note nor any Additional Convertible Note is prepaid, Perseus VII would receive an additional 420,759 shares of the Issuer's common stock upon the conversion of all such Additional Convertible Notes. Payment of all outstanding principal of and accrued but unpaid interest on the Convertible Note and any Additional Convertible Notes is due in full on November 30, 2008.

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- (3) In addition to the securities reported on this Form 4, Perseus VII holds directly for its own account, (a) three senior secured convertible promissory notes in an aggregate amount of \$15,668,659.69, which are convertible into 27,488,876 shares of the Issuer's common stock, as reported on a Form 4 filed on August 28, 2007, a Form 4 filed on October 2, 2007 and a Form 4 filed on January 2, 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 on the next footnote)...

- (4) (Continued from footnote 3)...Perseus VII holds indirectly 16,715 shares of restricted stock of the Issuer and non-qualified stock options in an aggregate amount of 122,800 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 a Form 4 filed on January 24, 2008 and on a Form 4 filed on February 12, 2008.

- (5) All of the securities reported herein are held directly for the account of Perseus VII. 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. 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 that may be issued to Perseus VII.

Remarks:

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

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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