

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

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FILER

BEACON POWER CORP

CIK: **1103345** | IRS No.: **043372365** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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Mailing Address
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234 BALLARDVALE ST
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9786949121

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM S-8

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

BEACON POWER CORPORATION

(Exact Name of Registrant as Specified in Charter)

DELAWARE

(State or Other Jurisdiction
of Incorporation)

04-3372365

(IRS Employer
Identification No.)

**234 BALLARDVALE STREET
WILMINGTON, MA**

(Address of Principal Executive Offices)

01887

(Zip Code)

**Third Amended and Restated 1998 Stock Incentive Plan
Amendment to Beacon Power Corporation Employee Stock Purchase Plan
and
Non-Plan Stock Option Grant
(Full Title of the Plans)**

**F. William Capp
President and Chief Executive Officer
Beacon Power Corporation
234 Ballardvale Street
Wilmington, MA 01887
(Name and Address of Agent for Service)**

978-694-9121

(Telephone Number, including Area Code of Agent for Service)

with a copy to:

**Albert L. Sokol, Esq.
Edwards & Angell, LLP
101 Federal Street
Boston, MA 02110**

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be registered | Proposed maximum offering price per unit (1) | Proposed maximum aggregate offering price (1) | Amount of registration fee |
|-----------------------------------------------------------|--------------------------------|-----------------------------------------------------|------------------------------------------------------|-----------------------------------|
| Common Stock, \$0.01 par value | 15,100,000(2) | \$1.56 | \$23,556,000 | \$2,772.54 |

- (1) These figures are estimates made solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, as amended. The registration fee has been calculated in accordance Rule 457(h) based upon the average of the high and low prices for shares of the Registrant on the NASDAQ Capital Market on March 15, 2006.
- (2) Shares of the Registrant' s common stock being registered hereby are accompanied by the Registrant' s preferred stock purchase rights. Until the occurrence of certain prescribed events, such rights are not exercisable, are evidenced by each certificate for common stock and will be transferred along with and only with the common stock.

- 2 -

EXPLANATORY NOTE

This Registration Statement on Form S-8 registers 15,000,000 shares of common stock of Beacon Power Corporation (the "Registrant") issuable under the Registrant's Third Amended and Restated 1998 Stock Incentive Plan and the Amended Employee Stock Purchase Plan. This Registration Statement also registers 100,000 shares of common stock issuable upon exercise of a non-qualified stock option granted to Lisa W. Zappala, a member of the Registrant's board of directors ("Zappala"), pursuant to the terms of an agreement between the Registrant and Zappala, which is included as Exhibit 4.3 to this Registration Statement (the "Non-Plan Stock Option Grant").

As permitted by General Instruction E to the Form S-8, this Registration Statement incorporates by reference the information contained in the earlier registration statement relating to the Beacon Power Corporation Second Amended and Restated 1998 Stock Incentive Plan and the Beacon Power Corporation Employee Stock Purchase Plan: Registration Statement No. 333-50260, filed on November 20, 2000.

On July 26, 2005, the Board of Directors of the Registrant approved and adopted the Registrant's Third Amended and Restated 1998 Stock Incentive Plan to amend and restate the Registrant's Second Amended and Restated 1998 Stock Incentive Plan. The amendment and restatement increased the number of shares of common stock, par value \$0.01 per share, of the Registrant reserved for issuance from 9,000,000 to 23,000,000 shares. The Registrant's stockholders approved the Third Amended and Restated 1998 Stock Incentive Plan at the annual meeting of stockholders held on November 17, 2005. Accordingly, as amended, the total number of shares of common stock available under the Second Amended and Restated 1998 Stock Incentive Plan is 23,000,000, of which 14,000,000 shares are being registered hereunder.

On July 26, 2005, the Board of Directors of the Registrant approved and adopted an amendment to the Registrant's Employee Stock Purchase Plan to increase the number of shares of common stock, \$0.01 par value per share, of the Registrant reserved for issuance under the Employee Stock Purchase Plan from 1,000,000 to 2,000,000 shares. The Registrant's stockholders approved the amendment to the Employee Stock Purchase Plan at the annual meeting of stockholders held on November 17, 2005. Accordingly, as amended, the total number of shares of common stock available under the Employee Stock Purchase Plan is 2,000,000, of which 1,000,000 shares are being registered hereunder.

The aggregate number of shares being registered hereunder for both the Third Amended and Restated 1998 Stock Incentive Plan and the Employee Stock Purchase Plan is 15,000,000 shares.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The information specified in Item 1 and Item 2 of Part I of Form S-8 as it pertains to the Non-Plan Stock Option Grant is omitted from this filing in accordance with the provisions of

Rule 424 under the Securities Act of 1933, as amended. The documents containing the information specified in Part I will be delivered to Zappala as required by Rule 428(b)(1). These documents and the documents incorporated by reference in this registration statement pursuant to Item 3 of Part II of this Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents, which the Registrant has filed with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), are incorporated in this Registration Statement by reference:

- (a) The Registrant's Annual Report on Form 10-K/A for the year ended December 31, 2004, filed with the SEC on February 21, 2006;
- (b) All reports filed with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since December 31, 2004; and
- (c) The description of the Registrant's Common Stock, contained in the Registrant's registration statement on Form 8-A filed under Section 12 of the Exchange Act on October 11, 2000, including any amendments or reports filed for the purpose of updating such description.

All documents filed with the Commission by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment hereto which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated herein by reference and made a part hereof from the date of filing of such documents. Any statement contained in this Registration Statement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law provides, in effect, that any person made a party to any action by reason of the fact that he is or was serving as a director, officer, employee or other agent of a corporation, or in such a capacity with another entity at the request of the corporation, may and, in certain cases, must be indemnified by the Registrant against, in the case of a non-derivative action, judgments, fines, amounts paid in settlement and

reasonable expenses (including attorneys' fees) incurred by him as a result of such action, and in the case of a derivative action, against reasonable expenses (including attorneys' fees), if in either type of action he acted in good faith and in a manner he reasonably believed to be in or not opposed to the Registrant's best interests. This indemnification does not apply, in a derivative action, to matters as to which it is adjudged that the director, officer, employee or other agent is liable to the Registrant, unless upon court order it is determined that, despite such adjudication of liability but in view of all the circumstances of the case, he is fairly and reasonably entitled to indemnity for expenses, and, in a non-derivative action, to any criminal proceeding in which such person had reasonable cause to believe his conduct was unlawful.

The Registrant's certificate of incorporation provides that none of its directors or officers or other parties whom it has requested to serve as directors, officers, trustees or in similar capacities with other entities shall be liable to the Registrant or its stockholders for monetary damages deriving from an action to which such persons were party on account of them serving the Registrant or at its request to the fullest extent not prohibited by the Delaware General Corporation Law.

The Registrant has entered into indemnification agreements with its directors and officers. Subject to certain limited exceptions, under these agreements, the Registrant will be obligated, to the fullest extent not prohibited by the Delaware General Corporation Law, to indemnify such directors and officers against all expenses, judgments, fines and penalties incurred in connection with the defense or settlement of any actions brought against them by reason of the fact that they were directors or officers of the Registrant. The Registrant also maintains liability insurance for its directors and officers in order to limit its exposure to liability for indemnification of its directors and officers.

Item 8. Exhibits.

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1 | Third Amended and Restated 1998 Stock Incentive Plan of Beacon Power Corporation |
| 4.2 | Beacon Power Corporation Employee Stock Purchase Plan |
| 4.3 | Director's Option Agreement, dated July 25, 2005, between Beacon Power Corporation and Lisa W. Zappala (Incorporated by reference from the Form 8-K filed on May 24, 2005 (File No. 001-16171)). |
| 5 | Opinion of Edwards Angell Palmer & Dodge LLP, counsel to Beacon Power Corporation |
| 23.1 | Consent of Miller Wachman LLP (independent accountants) |
| 23.2 | Consent of Edwards Angell Palmer & Dodge LLP (included in Exhibit 5) |

Item 9. Undertakings.

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; *provided, however*, that (A) paragraphs (i) and (ii) of this section do not apply if the registration statement is on Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement; and (B) paragraphs (i), (ii) and (iii) of this section do not apply if the registration statement is on Form S-3 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser: If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used

after effectiveness; *provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5. That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

6. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Wilmington, Commonwealth of Massachusetts, on this 22nd day of March, 2006.

BEACON POWER CORPORATION

By: /s/ F. William Capp

Name: F. William Capp

Title: President and Chief Executive Officer

Each person whose signature appears below hereby constitutes and appoints each of F. William Capp and James M. Spiezio his true and lawful attorney-in-fact, with full power and authority to execute in the name, place and stead of each such person in any and all capacities and to file, an amendment or amendments to this Registration Statement (and all exhibits thereto) and any documents relating thereto, which amendments may make such changes in the Registration Statement as said officer so acting deems advisable.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated and on the dates indicated.

| Signature | Title | Date |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <u>/s/ F. William Capp</u> F. William Capp | President and Chief Executive Officer, and Director (Principal Executive Officer) | March 22, 2006 |
| <u>/s/ James M. Spiezio</u> James M. Spiezio | Vice President of Finance, Chief Financial Officer, Treasurer and Secretary (Principal Financial and Accounting Officer) | March 22, 2006 |
| <u>/s/ Stephen P. Adik</u> Stephen P. Adik | Director | March 22, 2006 |

/s/ John C. Fox

John C. Fox

Director

March 22, 2006

/s/ Jack P. Smith

Jack P. Smith

Director

March 22, 2006

/s/ Kenneth M. Socha

Kenneth M. Socha

Director

March 22, 2006

/s/ William E. Stanton

William E. Stanton

Director

March 22, 2006

/s/ Lisa W. Zappala

Lisa W. Zappala

Director

March 22, 2006

- 2 -

INDEX TO EXHIBITS

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| 5.1 | Opinion of Edwards Angell Palmer & Dodge LLP, counsel to Beacon Power Corporation |
| 23.1 | Consent of Miller Wachman LLP (independent accountants) |
| 23.2 | Consent of Edwards Angell Palmer & Dodge LLP (included in Exhibit 5.1) |
| 24.1 | Power of Attorney (included on signature pages to this Registration Statement) |

BEACON POWER CORPORATION

THIRD AMENDED AND RESTATED 1998 STOCK INCENTIVE PLAN1. Purpose

The purpose of this Third Amended and Restated 1998 Stock Incentive Plan (the "Plan") of Beacon Power Corporation, a Delaware corporation (the "Company"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing such persons with equity ownership opportunities and performance-based incentives and thereby better aligning the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "Company" shall include any present or future subsidiary corporations of the Company as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code").

2. Eligibility

All of the Company's employees, officers, directors, consultants and advisors are eligible to be granted options, restricted stock, or other stock-based awards (each, an "Award") under the Plan. Each person who has been granted an Award under the Plan shall be deemed a "Participant".

3. Administration, Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board of Directors of the Company (the "Board"). The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award. No director or person acting pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under the Plan made in good faith.

(b) Delegation to Executive Officers. To the extent permitted by applicable law, the Board may delegate to one or more executive officers of the Company the power to make Awards and exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the maximum number of shares subject to Awards and the maximum number of shares for any one Participant to be made by such executive officers.

(c) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). The Compensation Committee of the Board, consisting of not less than two members, each member of which is an "outside director" within the meaning of Section 162(m) of the Code and a "non-employee director" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, has been appointed by the Board. All references in the Plan to the "Board" shall mean the Board or the Compensation Committee of the Board or the executive officer referred to in Section 3(b) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or executive officer.

4. Stock Available for Awards

(a) Number of Shares. Subject to adjustment under Section 4(c), Awards may be made under the Plan for up to 23,000,000 shares of common stock of the Company, \$0.01 par value per share (the "Common Stock"). If any Award expires or is terminated, surrendered or canceled without having been

fully exercised or is forfeited in whole or in part or results in any Common Stock not being issued, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan, subject, however, in the case of Incentive Stock Options (as hereinafter defined), to any limitation required under the Code. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) Per-Participant Limit. Subject to adjustment under Section 4(c), the maximum number of shares of Common Stock with respect to which an Award may be granted to any Participant under the Plan shall be 450,000 per calendar year. The per-Participant limit described in this Section 4(b) shall be construed and applied consistently with Section 162(m) of the Code.

(c) Adjustment to Common Stock. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than a normal cash dividend, (i) the number and class of securities available under this Plan, (ii) the number and class of security and exercise price per share subject to each outstanding Option (as hereinafter defined), (iii) the repurchase price per security subject to each outstanding Restricted Stock Award (as hereinafter defined), and (iv) the terms of each other outstanding stock-based Award shall be appropriately adjusted by the Company (or substituted Awards may be made, if applicable) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is necessary and appropriate. If this Section 4(c) applies and Section 8(e)(1) also applies to any event, Section 8(e)(1) shall be applicable to such event, and this Section 4(c) shall not be applicable.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price per share and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. An Option which is not intended to be an Incentive Stock Option (as hereinafter defined) shall be designated a "Nonstatutory Stock Option".

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall only be granted to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) which is intended to be an Incentive Stock Option is not an Incentive Stock Option.

(c) Exercise Price. The Board shall establish the exercise price at the time each Option is granted and specify it in the applicable option agreement.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement; provided, however, that no Option will be granted for a term in excess of ten (10) years.

(e) Exercise of Option. Options may be exercised by delivery to the Company of a written notice of exercise signed by the proper person or by another form of notice (including electronic notice) approved by the Board together with payment in full as specified in Section 5(f) for the number of shares of Common Stock for which the Option is exercised.

(f) Payment upon Exercise. Common Stock purchased upon the exercise of an option granted under the Plan shall be paid for as follows:

- (1) in cash or by check, payable to the order of the Company;

(2) except as the Board may, in its sole discretion, otherwise provide in an option agreement, (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price;

(3) delivery of shares of Common Stock owned by the Participant valued at their fair market value as determined by (or in a manner approved by) the Board in good faith ("Fair Market Value"), which Common Stock was owned by the Participant at least six months prior to such delivery;

(4) to the extent permitted by the Board, in its sole discretion, (i) by delivery of a promissory note of the Participant to the Company on terms determined by the Board or (ii) by payment of such other lawful consideration as the Board may determine; or

(5) any combination of the above permitted forms of payment.

(g) Nonqualified Options with Fair Market Value Exercise Price. Unless otherwise determined by the Board pursuant to subsection (h) below, to avoid a deferral of compensation falling within the requirements of Section 409A of the Code, any Option to purchase stock, other than an Incentive Stock Option described in Section 422 of the Code will have the following characteristics: (i) the exercise price will never be less than the fair market value of the underlying stock on the date the Option is granted, (ii) the receipt, transfer or exercise of the Option will be subject to taxation under Section 83 of the Code, and (iii) the Option will not include any feature for the deferral of compensation other than the deferral of recognition of income until the later of exercise or disposition of the Option.

(h) Nonqualified Options with Exercise Price Less than Fair Market Value. Notwithstanding subsection (g) above, to the extent that any Nonqualified Option may constitute a deferral of compensation, said Option shall comply with the requirements of Section 409A of the Code as set forth in the corresponding option agreement.

6. Restricted Stock

(a) Grants. The Board may grant Awards entitling recipients to acquire shares of Common Stock, subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, a "Restricted Stock Award").

(b) Terms and Conditions. The Board shall determine the terms and conditions of any such Restricted Stock Award, including the conditions for repurchase (or forfeiture) and the issue price, if any. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

(c) Deferred Compensation. To the extent that any Award of shares of restricted stock may constitute a deferral of compensation, the Award shall comply with the requirements of Section 409A of the Code as set forth in the corresponding Restricted Stock Award.

7. Other Stock-Based Awards

The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights.

Notwithstanding the foregoing, however, the form and/or operation of any such Award will not constitute "deferred compensation" under Section 409A of the Code or if such Award, in form or operation, constitute "deferred compensation" the Award shall comply with the requirements under Section 409A of the Code as set forth in the corresponding Award agreement.

8. General Provisions Applicable to Awards

(a) Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

Notwithstanding the foregoing, a Participant's transfer to a revocable trust that is solely for the benefit of the Participant and the Participant's spouse and/or issue during his lifetime and transfer under such trust at the Participant's death to the trust's intended beneficiaries shall not be deemed to be prohibited by the foregoing provisions. If any person other than the Participant, the Participant's then current spouse, and the Participant's issue shall possess a vested interest in such trust during the lifetime of the Participant, such interest shall not be recognized hereunder as giving such person any right the benefit of an Award. In such event the Award shall revert in the Participant as if such transfer in trust had not occurred. Any Award that consists of an incentive stock option and that is transferred to a trust as permitted in this paragraph, and any shares purchased thereunder, are subject to any applicable rules of the Internal Revenue Code concerning the effects of such transfers on incentive stock option status.

(b) Documentation. Each Award shall be evidenced by a written instrument in such form as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan. In addition, each such written Award shall contain such terms and conditions as are necessary to comply with the requirements of Section 409A of the Code.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award.

(e) Acquisition Events

(1) Consequences of Acquisition Events. Upon the occurrence of an Acquisition Event (as defined below), or the execution by the Company of any agreement with respect to an Acquisition Event, the Board shall take any one or more of the following actions with respect to then outstanding Awards: (i) provide that all outstanding Options shall be assumed, or equivalent Options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided that any such Options substituted for Incentive Stock Options shall satisfy, in the determination of the Board, the requirements of Section 424(a) of the Code; (ii) upon written notice to the Participants, provide that all then unexercised Options will become exercisable in full as of a specified time (the "Acceleration Time") prior to the Acquisition Event and will terminate immediately prior to the consummation of such Acquisition Event, except to the extent exercised by the Participants between the Acceleration Time and the

consummation of such Acquisition Event; (iii) in the event of an Acquisition Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share of Common Stock surrendered pursuant to such Acquisition Event (the "Acquisition Price"), provide that all outstanding Options shall terminate upon consummation of such Acquisition Event and each Participant shall receive, in exchange therefor, a cash payment equal to the amount (if any) by which (A) the Acquisition Price multiplied by the number of shares of Common Stock subject to such outstanding Options (whether or not then exercisable), exceeds (B) the aggregate exercise price of such Options; (iv) provide that all Restricted Stock Awards then outstanding shall become free of all restrictions prior to the consummation of the Acquisition Event; and (v) provide that any other stock-based Awards outstanding (A) shall become exercisable, realizable or vested in full, or shall be free of all conditions or restrictions, as applicable to each such Award, prior to the consummation of the Acquisition Event, or (B), if applicable, shall be assumed, or equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof).

Except as otherwise may be required with respect to any Award constituting deferred compensation under Section 409A of the Code, in which case the provisions of said Section 409A shall prevail as set forth in the individual Award agreement, an "Acquisition Event" shall mean: (a) any merger or consolidation which results in the voting securities of the Company outstanding immediately prior thereto representing immediately thereafter (either by remaining outstanding or by being converted into voting securities of the surviving or acquiring entity) less than 50% of the combined voting power of the voting securities of the Company or such surviving or acquiring entity outstanding immediately after such merger or consolidation; (b) any sale of all or substantially all of the assets of the Company; or (c) the complete liquidation of the Company.

(2) Assumption of Options Upon Certain Events. The Board may grant Awards under the Plan in substitution for stock and stock-based awards held by employees of another corporation who become employees of the Company as a result of a merger or consolidation of the employing corporation with the Company or the acquisition by the Company of property or stock of the employing corporation. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate under the circumstances. Such substitute Awards shall not constitute a deferral of compensation under Section 409A of the Code. Notwithstanding the foregoing, to the extent that the Board determines that any such substitute Award shall constitute a deferral of compensation under Section 409A of the Code such Award shall be accompanied by a written Award agreement which shall set forth the terms and conditions required to comply with the provisions of Section 409A of the Code.

(f) Withholding. Each Participant shall pay to the Company, or make provision satisfactory to the Board for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. Except as the Board may otherwise provide in an Award, Participants may satisfy such tax obligations in whole or in part by delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value. The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

(g) Amendment of Award. The Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, accelerating the vesting of an Award (and in appropriate cases, providing that the portion so accelerated be held as restricted stock), and converting an Incentive Stock Option to a Nonstatutory Stock Option, provided that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant. Notwithstanding the foregoing, any amendment pursuant to this subsection 8(g) shall not be permitted to the extent that the individual Award or this Plan, in general, would constitute deferred compensation subject to Section 409A of the Code unless the Award agreement sets forth the terms and conditions necessary to comply with the requirements of Section 409A of the Code.

(h) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered

under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(i) Acceleration. The Board may at any time provide that any Options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of all restrictions or that any other Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be. Notwithstanding the foregoing, to the extent that any acceleration pursuant to this subsection 8(i) pertains to an Award which constitutes "deferred compensation" under Section 409A of the Code such acceleration shall comply with any requirements of Section 409A which may be applicable.

9. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to such Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the close of business on the record date for such stock dividend and the close of business on the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board, but no Award granted to a Participant designated as subject to Section 162(m) by the Board shall become exercisable, vested or realizable, as applicable to such Award, unless and until the Plan has been approved by the Company's stockholders to the extent stockholder approval is required by Section 162(m). No Awards shall be granted under the Plan after the completion of ten years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time, provided that, to the extent required by Section 162(m), no Award granted to a Participant designated as subject to Section 162(m) by the Board after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award (to the extent that such amendment to the Plan was required to grant such Award to a particular Participant), unless and until such amendment shall have been approved by the Company's stockholders. Notwithstanding the foregoing, any amendment pursuant to this subsection 9(d) shall not be permitted to the extent that the individual Award or this Plan, in general, would constitute deferred compensation subject to Section 409A of the Code unless the Award agreement sets forth the terms and conditions necessary to comply with the requirements of Section 409A of the Code. In addition, the Board expressly reserves the right to amend the Plan, as required, to comply with any regulatory guidance issued with respect to Section 409A of the Code.

(e) Stockholder Approval. For purposes of this Plan, stockholder approval shall mean approval by a vote of the stockholders in accordance with the requirements of Section 162(m) of the Code.

(f) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to any applicable conflicts of law.

EXHIBIT 4.2

**BEACON POWER CORPORATION
EMPLOYEE STOCK PURCHASE PLAN,
as amended**

Beacon Power Corporation, a Delaware corporation (the "Company") establishes this Beacon Power Corporation Employee Stock Purchase Plan (the "Plan") to provide eligible employees of the Company and Affiliated Companies, if any, who wish to become shareholders (or to increase their shareholdings) in the Company with a convenient method of doing so. The Company believes that employee participation in the ownership of the equity of the Company will be to the mutual benefit of the employees and the Company.

1. Purpose.

The Plan provides Eligible Employees an opportunity to acquire shares of Company Common Stock, \$.01 par value, under circumstances which enable them to obtain the income tax benefits described in Code Section 423. The Plan is intended to provide employees incentive to continue to promote the Company's best interests and to enhance its long-term performance.

2. Definitions.

Wherever used, the following words and phrases will have the meanings stated below unless a different meaning is plainly required by the context:

"Affiliated Company" means any subsidiary corporation of the Company, as defined in Code Sections 424(f).

"Applicable Grant Date" means, for any Option, the date on which such Option was granted. The first Applicable Grant Date shall be the Effective Date, the second Applicable Grant Date shall be May 16, 2001 and thereafter, each other Applicable Grant Date shall be a Semiannual Grant Date.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means a committee appointed by the Board to which the Board may delegate its powers to administer the Plan.

"Common Stock" means shares of the common stock of the Company, \$.01 par value.

"Company" means Beacon Power Corporation, a Delaware corporation.

"Compensation" means the total cash remuneration a Participant receives during an Exercise Period as salary or wages, including overtime pay and bonuses and excluding all other forms of remuneration.

"Disability" means permanent and total disability as defined in Code Section 22(e)(3).

"Effective Date" means the effective date of a registration statement under the Securities Act of 1933, as amended, for the shares of Common Stock to be issued pursuant to the Plan. Filing of any such registration statement is at the discretion of the Company.

"Eligible Employee" means each person who, on the Effective Date or on an Applicable Grant Date, is employed by the Company or an Affiliated Company on a full or part-time basis and has been an

employee for three or more months at that date. No employee will be eligible if he or she is an owner of 5% or more of the stock of the Company or an Affiliated Company, as determined under Code Section 423(b)(3).

"Exchange Act" means the Securities Exchange Act of 1934.

"Exercise Date" means any date on which an Eligible Employee purchases Common Stock pursuant to an Option under this Plan, which shall, with respect to each Option, be the last day of the Exercise Period in which such Option is granted.

"Exercise Period" means the six-month period commencing on an Applicable Grant Date and ending at 5 p.m. on October 31 or April 30 as applicable, except that the first Exercise Period shall be the period beginning on the Effective Date and ending at 5 p.m. on April 30, 2001. If the Plan is terminated, then the Exercise Period in which it is terminated shall end on the date immediately preceding the effective date of such termination. If any of the preceding ending dates falls on a Saturday, Sunday or legal holiday in the Commonwealth of Massachusetts, then that Exercise Period shall end on the day most closely preceding such date which is not a Saturday, Sunday or legal holiday in the Commonwealth of Massachusetts.

"Fair Market Value Per Share of Common Stock" shall mean (i) the closing sales price on such day on the NASDAQ SmallCap Market, or, (ii) if the Common Stock is not then listed or admitted to trading on the NASDAQ SmallCap Market, on such other principal stock exchange on which such stock is then listed or admitted to trading, or, (iii) if no sales take place on such day on any such exchange, the average of the closing bid and asked prices on such day as officially quoted on any such exchange, or, (iv) if the Common Stock is not then listed or admitted to trading on any stock exchange, the average of the reported closing bid and asked prices on such day in the over-the-counter market, as furnished by the National Association of Securities Dealers Automated Quotation system, or, (v) if such price at the time is not available from such system, as furnished by any similar system then engaged in the business of reporting such prices and selected by the Board or, (vi) if there is no such system, as furnished by any member of the National Association of Securities Dealers, selected by the Board. If the Common Stock is neither listed on a national securities exchange nor traded on the over-the-counter market, Fair Market Value Per Share of Common Stock shall be such value as the Board, in good faith, determines.

Notwithstanding any provision of the Plan to the contrary, no determination made with respect to the Fair Market Value Per Share of Common Stock subject to an Option shall be inconsistent with Code Section 423.

"Initial Notice Period" means the period beginning on the Effective Date and ending on the 15th day thereafter.

"IPO" means an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 covering the offer and sale of Common Stock by the Company.

"IPO Price" means the price at which the Company's stock is initially offered for sale by the Company's underwriters in the IPO.

"Notice Period" means that period beginning 45 days prior to the beginning of the Applicable Grant Date and ending on the 30th day prior to the beginning of such date and solely for purposes of a Participant's voluntary discontinuance from the Plan pursuant to Section 6(c)(i) hereof, "Notice Period" shall include the period beginning 45 days prior to the Exercise Date and ending on the 30th day prior to such Exercise Date.

"Option" means an option granted hereunder which will entitle an Eligible Employee to purchase shares of Common Stock.

"Option Price" means the lower of: (1) 85% of the Fair Market Value Per Share of Common Stock as of the Applicable Grant Date on which the Option being exercised was granted or (2) 85% of the Fair Market Value Per Share of Common Stock as of the Exercise Date on which such Option is exercised; provided, however, that in the case of the First Exercise Period, the price determined under clause (1) above shall be the IPO Price.

"Participant" means an Eligible Employee who has elected to participate in the Plan during the period between such election and the termination of such Eligible Employee's participation in the Plan.

"Plan" means Beacon Power Corporation Employee Stock Purchase Plan as set forth herein.

"Retirement" is a termination of employment with the Company as of the first day of the month following a Participant's 65th birthday.

"Semiannual Grant Date" means each May 1 and November 1. If any of the dates falls on a Saturday, Sunday or legal holiday in the Commonwealth of Massachusetts, then that Exercise Period shall end on the day most closely succeeding such date which is not a Saturday, Sunday or legal holiday in the Commonwealth of Massachusetts.

"Withholding Account" means a bookkeeping record of all amounts withheld during an Exercise Period for a specific Eligible Employee, which are available for the exercise of an Option granted hereunder. Specific segregation of funds is not required.

3. Administration.

The Plan shall be administered by the Board, which, to the extent it shall determine, may delegate its powers with respect to the administration of the Plan (except its powers to terminate or amend the Plan) to the Committee. If the Board chooses to appoint a Committee, references hereinafter to the Board shall be deemed to refer to the Committee. Subject to the express provisions of the Plan, the Board may interpret the Plan, prescribe, amend and rescind rules and regulations relating to it, determine the terms and provisions of the Options granted hereunder and make all other determinations necessary or advisable for the administration of the Plan; provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of preserving the tax treatment of the Options under this Plan granted to Eligible Employees subject to United States Federal Income Taxation and the Plan itself under Section 423 of the Code. In addition, this Plan is intended to comply in all respects with Rule 16b-3 or its successor promulgated under the 1934 Act with respect to participants who are subject to Section 16 of the 1934 Act. Any provision in this Plan with respect to such persons contrary to Rule 16b-3 shall be modified to the extent necessary for such provision to comply with Rule 16b-3 to the extent permissible by law and deemed appropriate by the Board. The determinations of the Board on all matters regarding the Plan shall be conclusive.

4. Maximum Shares to be Granted under the Plan.

The aggregate number of shares of Common Stock available for grant as Options pursuant to Section 5 shall not exceed 2,000,000 subject to adjustment pursuant to Section 9. Shares of Common Stock granted pursuant to the Plan either may be authorized but unissued shares or shares now or hereafter held in the treasury of the Company. In the event that any Option granted pursuant to Section 5 expires or is terminated, surrendered or canceled without being exercised, in whole or in part, for any reason, the number of shares of Common Stock theretofore subject to such Option shall again be available for grant as an Option pursuant to Section 5 and shall not reduce the aggregate number of shares of Common Stock available for grant as such Options, as set forth in the first sentence of this Section.

5. Eligibility for Participation and Granting of Options.

(a) Each employee of the Company who is an Eligible Employee on an Applicable Grant Date shall be eligible to participate in the Plan by completing an election notice provided by the Company

and filing it with the designated representative of the Company within the applicable Notice Period; provided, however with respect to the First Exercise Period, each Eligible Employee of the Company shall be automatically enrolled in the Plan and shall not be required to file an election notice.

(b) For each Exercise Period, a Participant shall be granted without any further action by Company an Option hereunder which will entitle him or her to purchase, on the immediately following Exercise Date, a number of whole shares of Common Stock determined by dividing the amount to be withheld for participation in the Plan and applied to such Exercise Period by the Option Price; provided, however, that for the First Exercise Period, the number of shares of Common Stock to be purchased by the Participant pursuant to the Option shall be determined by dividing 10% of the Participant's Compensation by the Option Price unless otherwise determined by the Participant following the Effective Date and during the Initial Notice Period.

(c) If the number of shares of Common Stock for which Options are granted pursuant to paragraph 5(a) exceeds the applicable number set forth in Section 4, then the Options granted under paragraph 5(a) to all Eligible Employees shall, in a nondiscriminatory manner, be reduced on a pro rata basis in a manner which the Board determines to be consistent with Code Section 423.

(d) Notwithstanding any provision herein to the contrary, no Eligible Employee shall be granted an Option under the Plan which permits such employee to purchase Common Stock with a Fair Market Value (determined at the time of the grant of such Option) in excess of \$25,000 per calendar year under this Plan and all other employee stock purchase plans of the Company and any Affiliated Company. Any Option granted under the Plan shall be deemed to be modified to the extent necessary to satisfy this provision.

6. Terms of Options.

(a) Each Option shall automatically be exercised on the last day of the Exercise Period for such Option, using the funds which have accrued in a Participant's Withholding Account as of such day, unless the Participant withdraws from the Plan or is deemed to have withdrawn from the Plan during the Exercise Period. An Option granted hereunder may be exercised only through the use of the funds which have accrued in a Participant's Withholding Account, or, with respect to the First Exercise Period, through the payment by the Participant for the number of whole shares being purchased by the Participant. Any Option, to the extent unexercised on the Exercise Date, shall expire on the Exercise Date.

(b) As soon as reasonably possible following exercise in accordance with Paragraph 6(a) and upon the Participant's written request, a certificate representing the whole number of shares of Common Stock purchased, registered in the name of the Optionee, shall be delivered to the Optionee or to such other person designated by Optionee including, without limitation, the Participant's broker.

(c) A Participant shall be deemed to have withdrawn from participation in the Plan upon the occurrence of any of the following:

(i) Voluntary discontinuance while employed. A Participant may discontinue his or her election and withdraw from this Plan as of the last day of the Exercise Period by giving written notice to the Company during the Notice Period within that Exercise Period, specifying that the Participant is so withdrawing from the Plan, provided, however, that a Participant who shall have discontinued his or her election to participate and withdrawn from this Plan may resubscribe to this Plan only in a Notice Period subsequent to that in which participation was terminated.

(ii) Termination of employment. Unless employment has terminated due to Retirement, Disability or death, a Participant will be deemed to have discontinued participation on the first day of the Exercise Period in which termination occurs and amounts withheld from compensation during the Exercise Period will be refunded without election to the Participant.

(iii) Retirement. In the event a Participant's employment terminates because of Retirement during the first three months of an Exercise Period, the Participant will be deemed to have discontinued participation on the first day of the Exercise Period in which Retirement occurs and amounts withheld from Compensation during the Exercise Period will be refunded. If Retirement occurs during the last three months of the Exercise Period, the Participant will continue to participate through the balance of the Exercise Period in which Retirement occurs (without further withholding) unless he or she elects a voluntary discontinuance within the Notice Period for that Exercise Period.

(iv) Death or Disability. In the event the employment of the Participant by the Company or an Affiliated Company terminates as a result of the Participant's Disability or Death, the Participant will be deemed to participate (without further withholding) through the balance of the Exercise Period in which death or Disability occurs, unless he or she (or the executor, administrator or representative, as the case may be) elects a voluntary discontinuance within the Notice Period for that Exercise Period.

(v) Levy or attachment. The filing with or levying upon the Company or the custodian of any judgment, attachment, garnishee, or other Court order affecting the Participant's account under this Plan will terminate his or her participation.

(vi) Plan Termination/Expiration. The termination of this Plan by the Company prior to its expiration or its expiration upon allocation of all available shares will terminate participation.

(d) A Participant's employment shall not be deemed terminated by reason of a transfer to another employer which is related to the Company within the meaning of Code Sections 423(e) or (f). A Participant who has elected participation under the Plan who is absent from work with the Company or with an Affiliated Company because of temporary disability (any disability other than a permanent and total Disability) or who is on leave of absence for a period of less than 90 days shall not, during the period any such absence, be deemed, by virtue of such absence alone, to have terminated employment. In the case of a leave of absence which is longer than 90 days, a Participant will not be deemed to have terminated employment until the later of the 91st day of such leave, if later, such date as the Participant's reemployment rights are not protected by contract or law.

(e) Upon the discontinuance of an election and withdrawal from this Plan by a Participant, all withheld amounts in the account which are attributable to such Participant shall be transferred to such Participant within thirty (30) days of such discontinuance and withdrawal, except to the extent such withheld amounts are applied to the exercise of an Option as provided above. In no event shall any amounts be withheld from a Participant's Compensation for allocation to such Participant's Withholding Account after the date such Participant's employment shall cease.

(f) In no event may any discontinuance of a Participant's election and withdrawal from this Plan be in respect to a portion rather than all of such Participant's Withholding Account on such date.

7. Payment for Common Stock Through Withholding.

(a) Employee Contributions.

With respect to each Exercise Period, each Eligible Employee may elect to participate in this Plan by filing an enrollment application and payroll withholding form with his or her employer's payroll department during a Notice Period, which election shall be effective for the next Exercise Period and for all subsequent Exercise Periods, until, in any case, such Participant's participation in the Plan terminates. Each Eligible Employee who elects to participate shall specify the amount of his or her contributions to be made by payroll deduction by specifying a whole percentage from 1% to 10% of such Participant's Compensation payable for each payroll period. With respect to the First Exercise Period, following the Effective Date and during the Initial Notice Period, an Eligible Employee may file a payroll withholding form to designate payroll deductions as the manner of payment for the Option and/or to decrease the percentage of Compensation used to purchase shares of Common Stock pursuant to the Option.

No interest shall accrue or be payable to any Participant in the Plan with respect to any sums withheld at the Participant's election, whether such sums be applied to purchase Common Stock, or are returned to the Participant.

Payroll deductions may be increased by a Participant only during a subsequent Notice Period, but may be decreased during a subsequent Notice Period or within the last 10 days of a calendar quarter, upon the Participant's written election, effective as of the first payroll period for which it is administratively practical to put the decrease into effect.

(b) Application of Payroll Contributions.

The Company shall maintain a separate account into which it shall deposit all amounts withheld for payment of shares of Common Stock and shall maintain sufficient records to show each Participant's Withholding Account.

On the last day of each Exercise Period all amounts in a Participant's Withholding Account shall be paid over to the Company in payment of the Option Price for the number of whole shares of Common Stock which can be purchased on such date with such withheld total amount, unless otherwise directed in accordance with Section 6 above. In lieu of fractional shares, unapplied cash shall be carried forward to the next Exercise Period unless the Participant requests a cash payment.

8. Transferability of Options and Common Stock.

(a) No Option may be transferred, assigned, pledged, or hypothecated (whether by operation of law or otherwise), except as provided by will or the applicable laws of descent or distribution, and no Option shall be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of an Option, or levy of attachment or similar process upon the Option not specifically permitted herein shall be null and void and without effect. An Option may be exercised only by the Eligible Employee during his or her lifetime, or by his or her legal representative if permitted by Section 423 of the Code, or pursuant to Section 6 by his or her estate or the person who acquires the right to exercise such Option upon his or her death by bequest or inheritance.

(b) Participants in the Plan who wish to avail themselves of the favorable tax benefits of Code Section 423 may not transfer or otherwise dispose of shares of Common Stock acquired by them or on their behalf under this Plan (other than in the case of a Participant's death) until after the later of one year from the date of acquisition of said shares or two years after the Applicable Grant Date of the Option pursuant to which said shares of Common Stock were acquired.

(c) Each Eligible Employee who receives shares of Common Stock pursuant to this Plan agrees, by electing to participate, to notify the Company, in writing, immediately after such Participant makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an Option under this Plan. A Disqualifying Disposition is an disposition (including any sale) of such shares before the later of two years after the Applicable Grant Date for said Option or one year after the receipt of shares pursuant to the exercise of said Option. If the Participant has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

9. Adjustment Provisions.

The aggregate number of shares of Common Stock with respect to which Options may be granted, the aggregate number of shares of Common Stock subject to each outstanding Option, and the Option Price per share of each Option shall all be approximately adjusted for any increase or decrease in the number of shares of issued Common Stock resulting from a subdivision or consolidation of shares, whether through reorganization, recapitalization, stock split-up, stock distribution or combination of shares, or the payment of a share dividend or other increase or decrease in the number of such shares outstanding effected without

receipt of consideration by the Company. Adjustments shall be made according to the sole discretion of the Board, and its decision shall be binding and conclusive.

10. Dissolution, Merger and Consolidation.

Upon the dissolution or liquidation of the Company, or upon a merger or consolidation of the Company in which the Company is not the surviving corporation, the holder of each Option then outstanding under the Plan will thereafter be entitled to receive at the next Exercise Date upon the exercise of such Option for each share as to which such Option shall be exercised, as nearly as reasonably may be determined, the cash, securities and/or property which a holder of one share of the Common Stock was entitled to receive upon and at the time of such transaction. The Board shall take such steps in connection with such transactions as the Board shall deem necessary to assure that the provisions of this Section 10 shall thereafter be applicable, as nearly as reasonably may be determined, in relation to the said cash, securities and/or property as to which such holder of such Option might thereafter be entitled to receive.

11. Shareholder Approval.

The Plan is subject to approval by the holders of a majority of the outstanding shares of Common Stock (and the holders of any other class of stock to the extent required by agreement or Code Section 423) within 12 months before or after the date of adoption of the Plan by the Board. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled.

12. Miscellaneous.

(a) Legal and Other Requirements. The obligations of the Company to sell and deliver Common Stock under the Plan shall be subject to all applicable laws, regulations, rules and approvals, including, but not by way of limitation, the effectiveness of a registration statement under the Securities Act of 1933 if deemed necessary or appropriate by the Company. Certificates for shares of Common Stock issued hereunder may be legended as the Board shall deem appropriate.

(b) Termination and Amendment of Plan. Except as provided in the following sentence, the Plan may be terminated or amended by the shareholders, by the Board, or by the Committee, including amendment of the Plan from time to time to designate corporations whose employees may be offered options under the plan from among a group consisting of the Company and any corporation which is or becomes its Affiliate. Amendments effecting: (1) any increase in the aggregate number of shares which may be issued under the Plan (other than an increase merely reflecting a change in capitalization such as a stock dividend or stock split) or (2) changing the designation of corporations whose employees may be offered options under the Plan, except designations described in the preceding sentence, must be approved by the shareholders within twelve (12) months after such amendment is adopted by the Board or by the Committee or such amendment is void ab initio. No amendment shall affect any Options theretofore granted or any Common Stock theretofore acquired by a Participant, unless such amendment shall expressly so provide and unless any Participant to whom an Option has been granted who would be adversely affect by such amendment consents in writing thereto. If the scope of any amendment is such as to require shareholder approval in order to comply with Rule 16b-3 under the 1934 Act, then such amendment shall also require approval by the shareholders.

(c) Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Options will be used for general corporate purposes.

(d) Withholding Taxes. Upon a Disqualifying Disposition, within the meaning of Paragraph 8(c), of any shares of Common Stock received pursuant to the exercise of any Option under the Plan, the Company shall have the right to require the Participant to remit to the Company an amount sufficient to satisfy all federal, state and local requirements as to income tax withholding and employee contributions to employment taxes or, alternatively, in the Board's sole discretion, the Company may withhold all such amounts from other cash compensation then being paid to the Participant by the Company.

(e) Right to Terminate Employment. Nothing in the Plan or any agreement entered into pursuant to the Plan shall confer upon any Eligible Employee or other optionee the right to continue in the employment of the Company or any Affiliated Company or affect any right which the Company or any Affiliated Company may have to terminate the employment of such Eligible Employee or other optionee.

(f) Rights as a Shareholder. A Participant shall not have any right as a shareholder with respect to shares of Common Stock issuable pursuant to the exercise of an Option hereunder, unless and until a certificate or certificates for such shares of Common Stock are issued to him or her or the Company reflects the Participant's ownership in its stock ledger or other appropriate record of Common Stock ownership.

(g) Leaves of Absence. The Board shall be entitled to make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence taken by any Eligible Employee, provided such rules are consistent with Code Section 423.

(h) Notices. Every direction, revocation or notice authorized or required by the Plan shall be deemed delivered to the Company (1) on the date it is personally delivered to the Treasurer of the Company (or such other person as may be designated by the Company from time to time with notice given to each Participant) at its principal executive offices or (2) three business days after it is sent by registered or certified mail, postage prepaid, addressed to the Treasurer of the Company (or such other person as may be designated by the Company from time to time with notice given to each Participant) at such offices; and shall be deemed delivered to a Participant (1) on the date it is personally delivered to him or her or (2) three business days after it is sent by registered mail, postage prepaid, addressed to him or her at the last address shown for him or her on the records of the Company or of any Affiliate.

(i) Rights and Privileges. All Eligible Employees shall have the same rights and privileges under the Plan, except that the amount of Common Stock which may be purchased under Options granted under this Plan shall bear a uniform relationship to the Compensation of Eligible Employees. All rules and determinations of the Board in the administration of the Plan shall be uniformly and consistently applied to all persons in similar circumstances.

(j) Applicable Law. All questions pertaining to the validity, construction and administration of the Plan and Options granted hereunder shall be determined in conformity with the law of Delaware, to the extent not inconsistent with Section 423 of the Code and regulations thereunder.

March 16, 2006

Beacon Power Corporation
234 Ballardvale Street
Wilmington, MA 01887

Ladies and Gentlemen:

We have acted as counsel for Beacon Power Corporation, a Delaware corporation (the "Company") in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act") of a registration statement on Form S-8 (the "Registration Statement"), relating to the registration of 15,100,000 shares (the "Shares") of the Company's common stock, par value \$0.01 (the "Common Stock"), issuable pursuant to outstanding stock options granted under the Company's Third Amended and Restated 1998 Stock Incentive Plan, Employee Stock Purchase Plan (collectively, the "Plans") and that certain Director's Option Agreement between the Company and Ms. Lisa Zappala dated as of July 25, 2005 (the "Option Agreement").

As counsel to the Company, in connection with this opinion, we have examined and relied upon such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to form the basis for the opinions set forth herein. In our examinations, we have assumed the genuineness of all signatures, the legal capacity of natural persons signing or delivering any instrument, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents.

Based upon the foregoing, we are of the opinion that the Shares have been duly authorized and when issued and paid for in accordance with the Plans and the Option Agreement, will be validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion with the Commission as Exhibit 5.1 to the Registration Statement, and further consent to the use of our name wherever appearing in the Registration Statement, including any prospectuses constituting a part thereof, and any amendments thereto. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder. This opinion may be incorporated by reference in any abbreviated registration statement filed pursuant to Item E under the General Instructions to Form S-8 under the Securities Act with respect to the Registration Statement.

Very truly yours,

EDWARDS ANGELL PALMER & DODGE LLP
a Massachusetts limited liability partnership

By: /s/ Albert L. Sokol
Albert L. Sokol, Partner

INDEPENDENT AUDITOR' S CONSENT

We consent to the incorporation by reference in this Registration Statement of Beacon Power Corporation on Form S-8 of our report dated February 3, 2006 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to a going concern uncertainty), appearing in the Annual Report on Form 10-K/A of Beacon Power Corporation for the year ended December 31, 2004 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Miller Wachman, LLP

Miller Wachman, LLP

Boston, Massachusetts

February 27, 2006