

## Sidoti & Company, LLC Emerging Growth Investor Forum January 2010

Nasdaq: OESX  
[www.oesx.com](http://www.oesx.com)

# Forward Looking Statements

This presentation contains forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue" or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in Orion Energy Systems' filings with the Securities and Exchange Commission. If any of these risks or uncertainties materializes, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statements that you see or hear during this presentation reflect our current views with respect to future events and are subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.

# The Perfect Storm

- ❑ **Market trends creating the “perfect storm” of opportunity**
  - ❑ **Concerns over secure, low-cost energy**
  - ❑ **Concerns over grid reliability**
  - ❑ **Concerns over harmful emissions and environmental sustainability**
  - ❑ **Governmental policy and legislation**
    - ❑ **Fiscal stimulus spending**
    - ❑ **Energy bill working its way through Congress will benefit Orion no matter the final form it takes**

***Orion's solutions are in the sweetspot of these converging trends***

# Our Mission



Deliver Permanent Distributed Load  
Reduction/Renewable Generation

**Cost effective**

**Without compromise**

Bridge the Gap between Environmental  
Stewardship and Capitalism

# Competitive Advantage

- ❑ Energy experts
- ❑ Industry leading technology consistently outperforming the competition
- ❑ Proven track record
- ❑ Multiple sales channels with proven sales methodologies
- ❑ Innovative financing solution – providing flexibility for customers and recurring revenue stream for Orion
- ❑ Vertically integrated operations
- ❑ Thought leadership
  - ❑ integrated indoor lighting systems
  - ❑ exterior lighting
  - ❑ photovoltaic technologies

# Orion's Integrated Energy Management System



**Compact Modular™**  
(Phase I)



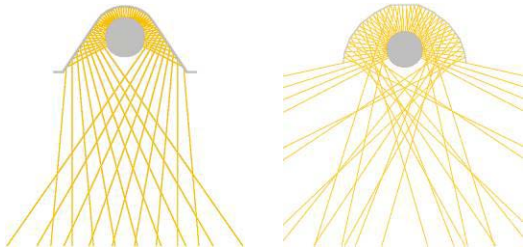
**Intelite® Wireless Controls**  
(Phase II)



**Apollo® Solar Light Pipe**  
(Phase III)

# The Orion Advantage – Thermal & Optical Efficiency

## Reflective

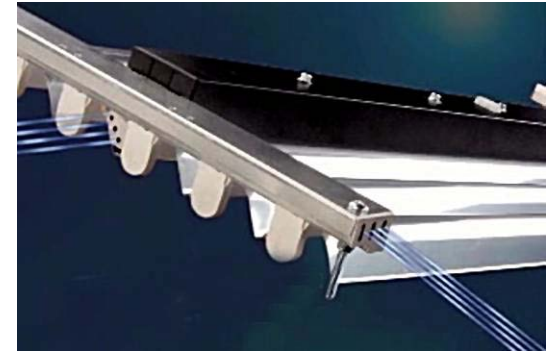


- Super High Bay
- High Bay
- Low Bay
- Economy

## Conductive & Radiant



## Convective



## Modular



# Superior Product Differentiation

**The Integrated Energy Management System Takes Customers  
Off-The-Grid During Peak Hours**

## Legacy HID

**465 Watts**  
**8,760 hours**



**30 Foot-candles**

**\$313**

operating cost

## Traditional HIF

**224 Watts**  
**8,760 hours**



**30 - 35 Foot-candles**

**\$151**

operating cost



**224 Watts**  
**8,760 hours**



**50-60 Foot-candles**

**\$151**

operating cost



**74 Watts**  
**4,380 hours**

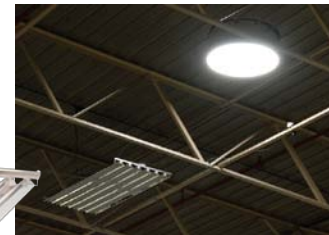


**30 Foot-candles**

**\$75**

operating cost

**74 Watts**  
**876 hours**



**30 Foot-candles**

**\$10**

operating cost



# Make A Promise, Keep A Promise

<b>Fortune 500 Customers</b>	<b>120</b>
<b>Dollars Saved</b>	<b>\$710,739,187</b>
<b>kW Saved</b>	<b>477,113</b>
<b>kWh Saved</b>	<b>9,230,379,058</b>
<b>Number of Locations</b>	<b>5,082</b>
<b>Sq. Ft. Retrofitted</b>	<b>806,946,244</b>
<b>CO2 Saved (Tons)</b>	<b>6,135,202</b>

# Large Installed Customer Base



93 Completed



14 Completed



300 Completed



39 Completed



93 Completed



9 Completed



121 Completed



74 Completed

# Vertically Integrated Manufacturing



**In House  
Engineering**



**Integrated  
Robotics**



**Short Lead Times**



**Technology  
Demonstration**



**Orion's vertically integrated 266,000 ft<sup>2</sup> manufacturing plant allows Orion to "go-to-market" faster with typical lead times of less than two weeks.**

# Multiple Sales Channels Utilized to Drive Growth

## Orion's Sales Model Designed To Proactively Drive Market



### Direct Sales Force ~60%

- 71 sales professionals as of June 30, 2009
- Direct access to individuals making purchasing decisions
- Proactive in driving market
- Long-standing relationships with large, national clients
- Bundled, turnkey solution across North American facility footprint

### Value Added Resellers ~20%

- Partnerships with more than 20 VARs
- VARs trained in Orion's systematized sales process – proactive in driving market
- Margins generally higher due to lower sales and marketing expenses

### Contractors ~20%

- Relationships with more than 476 contractors
- Significant increased coverage of the lighting retrofit market
- Contractors typically have significant influence over customer's lighting selection
- Technical expertise
- Margins generally higher due to lower sales and marketing expenses



# Leverage



## Exterior Lighting



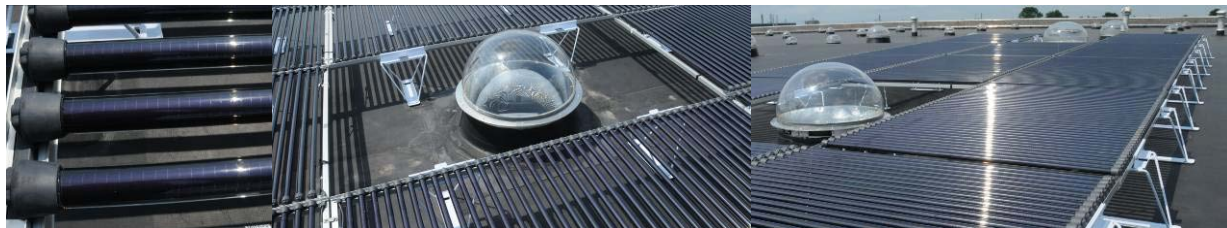
## Ice Harvesting



## Direct Renewable Apollo® Solar Light Pipe



## Photovoltaic



# Coca-Cola Plant – Macon, GA



**50 KW System**

# The Future

**Every 4,200 Orion fixtures = 1 MW of displaced capacity**



## **Orion (500 MW)**

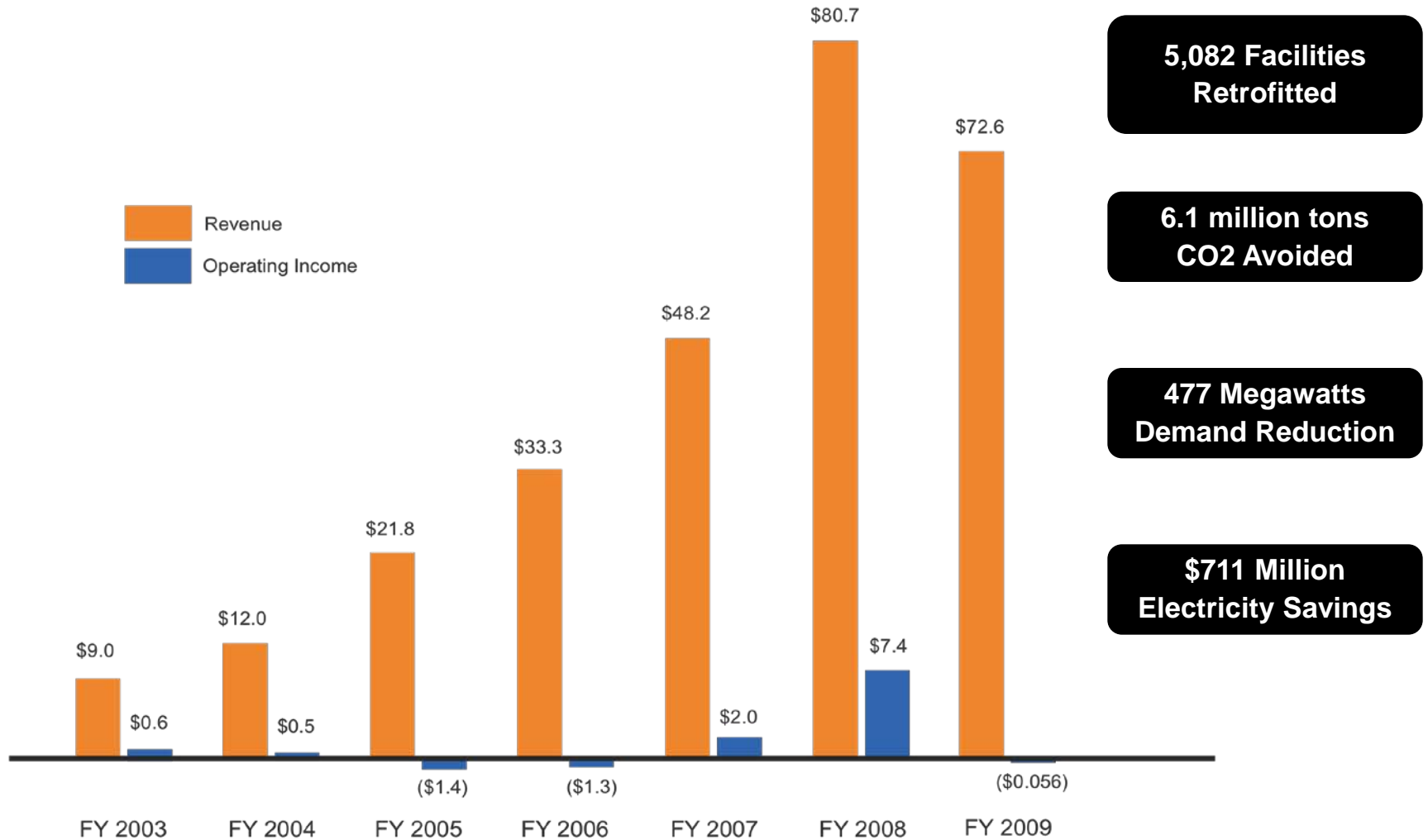
<b>Capital Cost:</b>	<b>\$500 million</b>
<b>Carbon Impact:</b>	<b>3.45 million tons displaced annually</b>
<b>Time to Build:</b>	<b>&lt; 2 years</b>
<b>Impact to end-users:</b>	<b>\$289 million saved annually</b>
<b>Siting:</b>	<b>Load Center</b>



## **Traditional Coal-Fired Power Plant (500 MW)**

<b>Capital Cost:</b>	<b>\$2.0 billion</b>
<b>Carbon Impact:</b>	<b>3.45 million tons generated annually</b>
<b>Time to Build:</b>	<b>3-7 years</b>
<b>Impact to end-users:</b>	<b>Higher Electricity Rates</b>
<b>Siting:</b>	<b>Not In My Backyard (NIMBY)</b>

# Strong History of Revenue Growth & Profits





# Fiscal 2010 – Sequential Growth

## Statement of Operations – Fiscal 2010 Quarterly Results

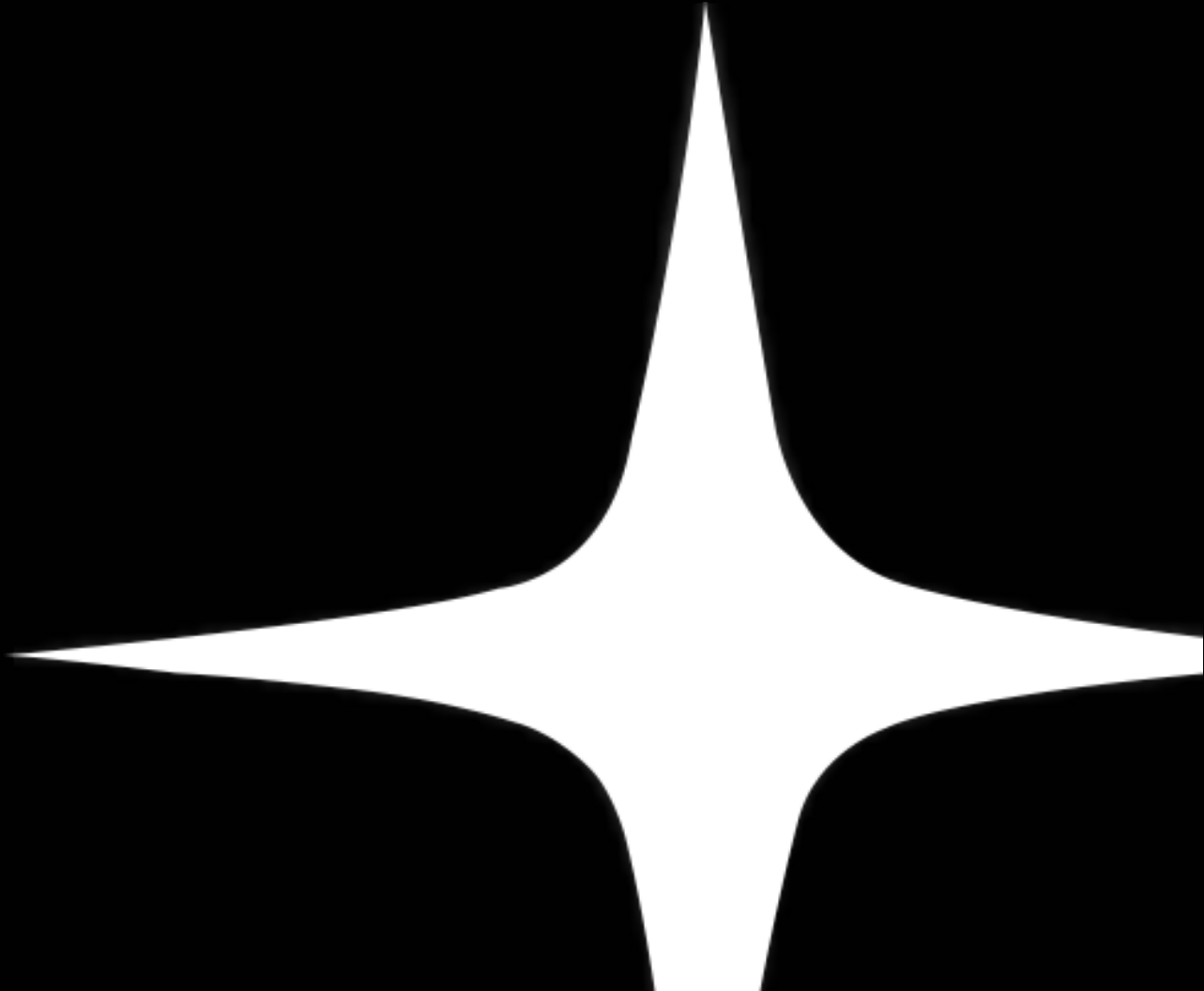
(\$ in Millions)	As of June 30, 2009	As of September 30, 2009
Revenue	\$12.6	\$14.6
Gross Margin %	27.7%	32.6%
Operating Expenses	\$6.7	\$6.6
Operating Loss	\$(3.2)	\$(1.8)
Net Loss	\$(2.8)	\$(1.4)
Earnings Per Share	\$(0.13)	\$(0.06)

# Balance Sheet

## Strong Cash / Low-Debt Position

(\$ in Millions)	As of March 31, 2009	As of September 30, 2009
Cash	\$36.2	\$33.4
Short-term investments	\$6.5	\$1.0
Inventory	\$20.2	\$19.7
PP&E (net)	\$23.0	\$25.7
Total Debt	\$4.4	\$4.0
Shareholders' Equity	\$88.7	\$85.4

# Thank You



# MillerCoors Phase 1 Retrofit

## Energy & Financial Impacts

Annual Energy Savings	\$135,158
Annual Displaced Energy	3,556,813 kWh
Displaced Capacity	438 kW

## Annual Environmental Equivalents

CO2 Reduction	3,468 tons
SO2 Reduction	15 tons
NOx Reduction	7 tons
Mercury Reduction	60 grams



# MillerCoors Phase 2 Controls



	<u>HID</u>	<u>Orion CM6</u>
<b>Watts Consumed</b>	465	221
<b>Electric Rate</b>	\$0.07	\$0.07
<b>Annual Hours of Operation</b>	8760	4420
<b>Annual Operating Cost (15 fixtures)</b>	\$4,277	\$661

# MillerCoors Phase 3 Integrated System



**High Pressure Sodium  
465 Watts**



**Compact Modular  
221 Watts**



**Solar Light Pipe  
0 Watts**