



Orion Energy Systems Investor Presentation

September 23, 2011

NYSE Amex: OESX
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.

Orion Energy Systems, Inc.

A Power Technology Enterprise



**Technology Center and Manufacturing Operations
Manitowoc, WI**

A Power Technology Enterprise

Experts in delivering

- Scalable & sustainable electrical load reduction/shifting
- Renewable generation for commercial/industrial end-users
- Exceptional ROIs
- Least cost per megawatt



Permanent Distributed Load Reduction/Generation

Apollo® Solar Light
Pipes: **122 kW**

Compressed Air:
60 kW



Wind:
50 kW

Wind:
20 kW

Lighting: **134 kW**

Solar PV: **250 kW**

Life Cycle Costs:

w/ Incentive(\$402,618): \$0.04/kWh
w/o Incentive: \$0.0434/kWh

Base Line Usage	596 kW
PDLR	316 kW
Renewable Generation	320 kW
Load Shifting	30 kW
CO ₂ Offsets	1,424 tons

Significant Installed Base of Customers



95 Completed



OfficeMax®
WORK WITH US™

20 Completed



361 Completed



42 Completed



107 Completed



9 Completed



PEPSICO

145 Completed

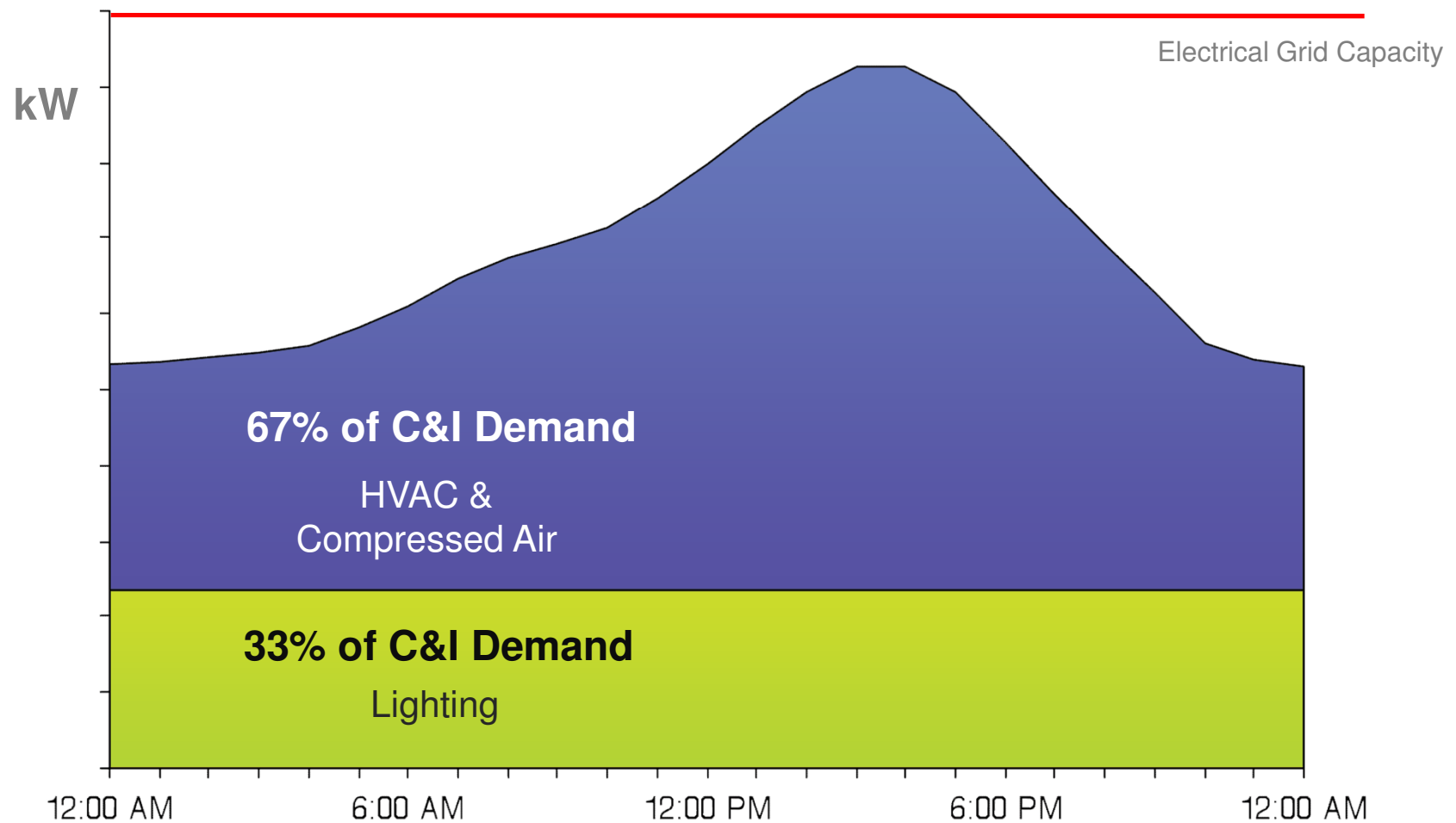


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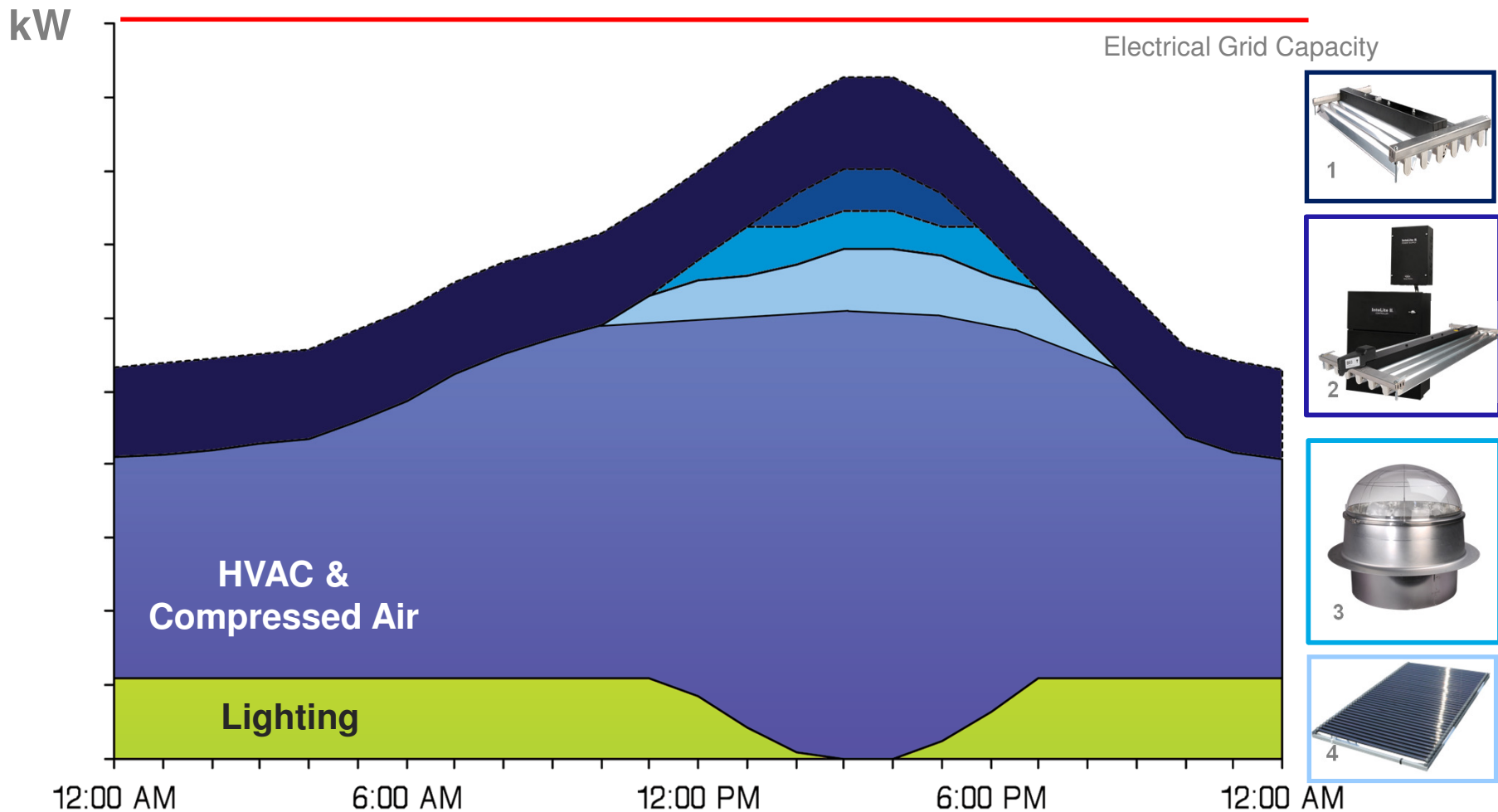


The Opportunity

Electricity Usage in Commercial & Industrial Buildings



Daily Base and Peak Load Reduction: Integrated Energy Management System



Large Market Opportunity: Integrated System

Rooftop Surface Area*	85 billion sq. ft.
Compact Modular/InteLite® Units	170 million (56,270 MW)
Apollo® Solar Light Pipe Units	34 million (4,556 MW)
Gross Turnkey Market Potential	\$100 billion
Annual Energy Savings	\$50 billion

Assumptions:

Average Fixtures (<i>aggregate</i>)	500 sq ft/fixture
Cost of Orion Int. System (<i>Compact Modular w/ wireless</i>)	\$450
Existing Fixtures	465 W
Orion Fixture (<i>w/ 60% step down</i>)	134 W
Hours of Operation	6,000 hrs
kWh Rate (avg.)	\$0.10

* Derived from United States Department of Energy

2002

Input 465 Watts
40,000 Lumens
24/7 Hours



30 Foot-candles

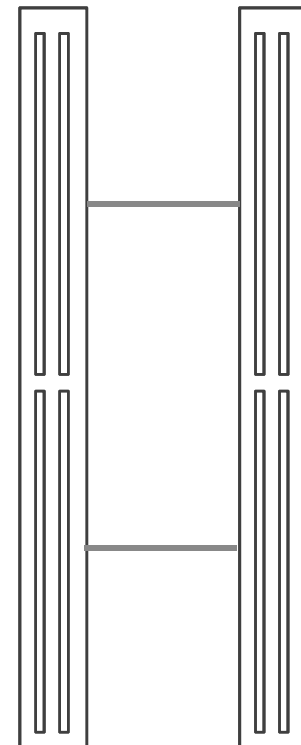
Input 221 Watts
20,000 Lumens
24/7 Hours



6T8

30 Foot-candles

Input 302 Watts
24,000 Lumens



8T8

35 Foot-candles

2003

“THE BETTER MOUSETRAP”

Input 465 Watts

40,000 Lumens

24/7 Hours



30 Foot-candles

Illuminator

Input 221 Watts

24/7 Hours



35 Foot-candles

The Orion Advantage: Mastering Thermodynamics & Optical Design

Thermal

COMPACT MODULAR™

Optical

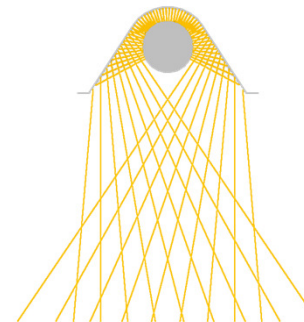
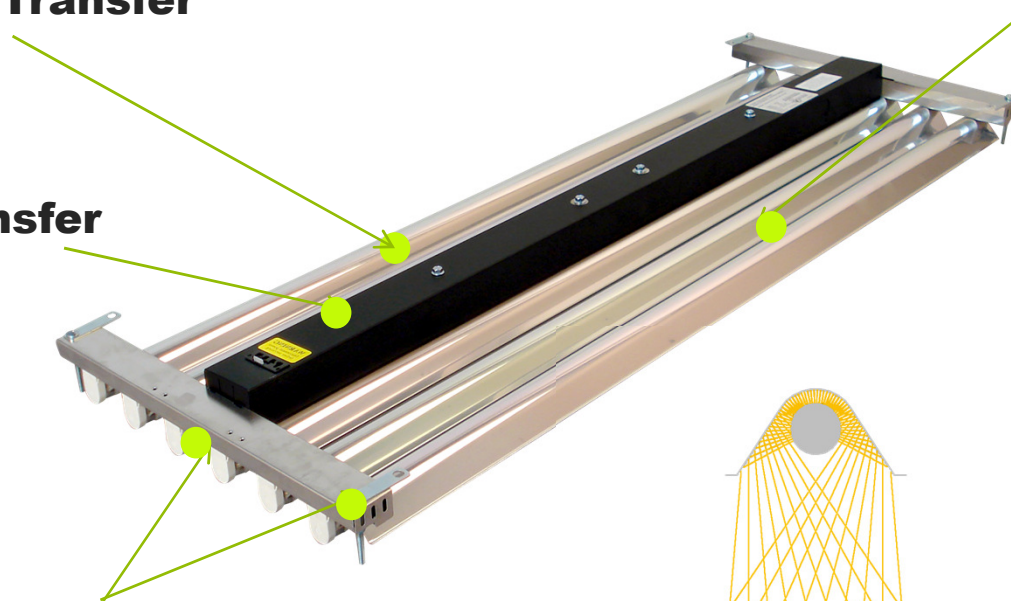
Conductive Heat Transfer

Radiant Heat Transfer

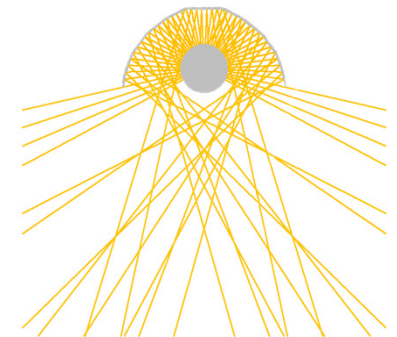
- Ballast, Lamp

Convective Heat Transfer

Patented Reflector Geometry



Our Patented
Reflector Geometry



Competitors' Reflector
Geometry

The COMPACT MODULAR™

Input 465 Watts

40,000 Lumens

24/7 Hours



30 Foot-candles

Input 221 Watts

24/7 Hours



40-50 Foot-candles

Input 221 Watts

12/7 Hours



40-50 Foot-candles



Bright was easy.

Smart

**is where the
money is.**

Sustainable Product Differentiation

Patented Thermal and Optical Design Dynamic Control



Legacy High Intensity
Discharge (HID)

465 Watts
8,760 hours



30 Foot-candles

\$407

operating cost

Traditional High Intensity
Fluorescent (HIF)

224 Watts
8,760 hours



30 Foot-candles

\$196

operating cost

134 Watts
8,760 hours



30 Foot-candles

\$117

operating cost

134 Watts
4,380 hours
InteLite® Controls

30 Foot-candles

\$58

operating cost

Based on a \$0.10/ kWh electricity rate

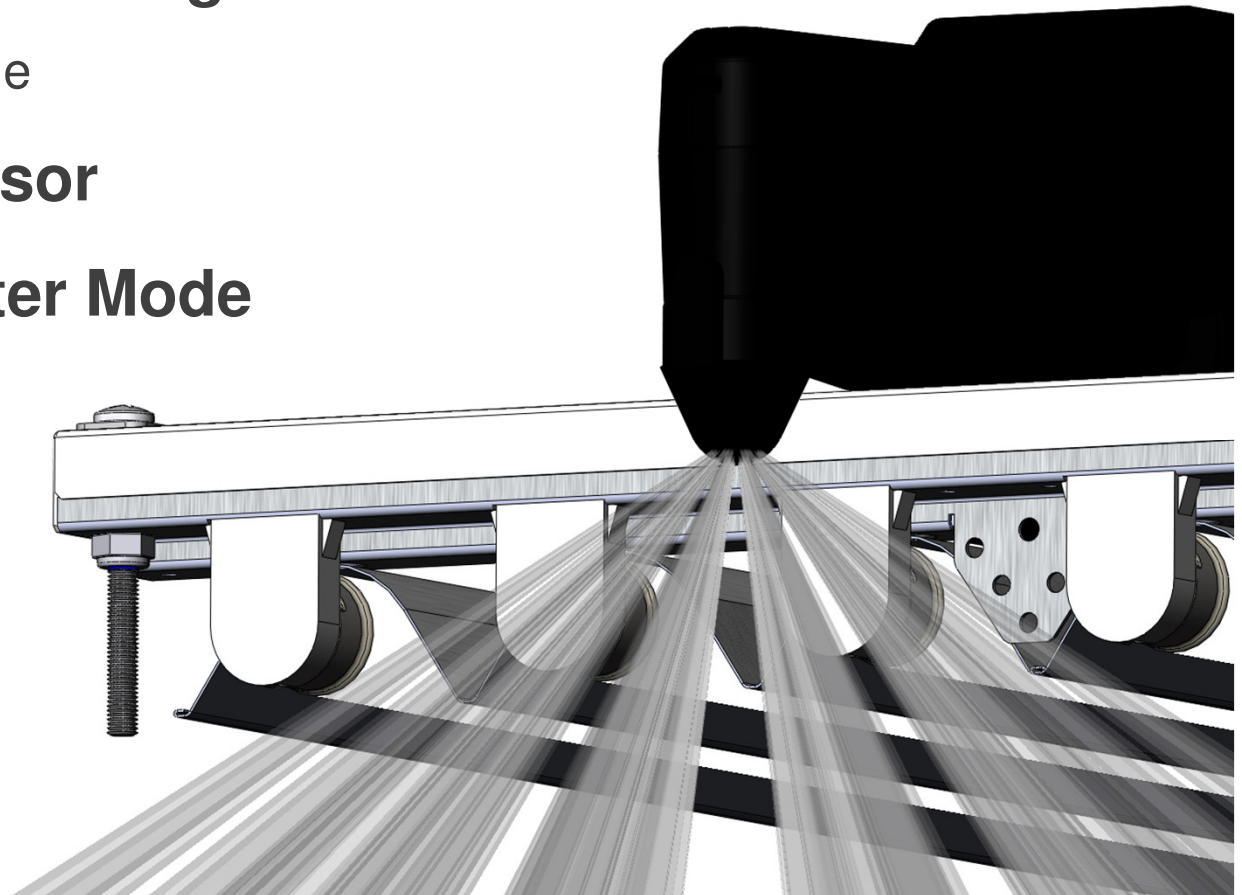
Intelite®

**An Integrated Energy
Management Platform**



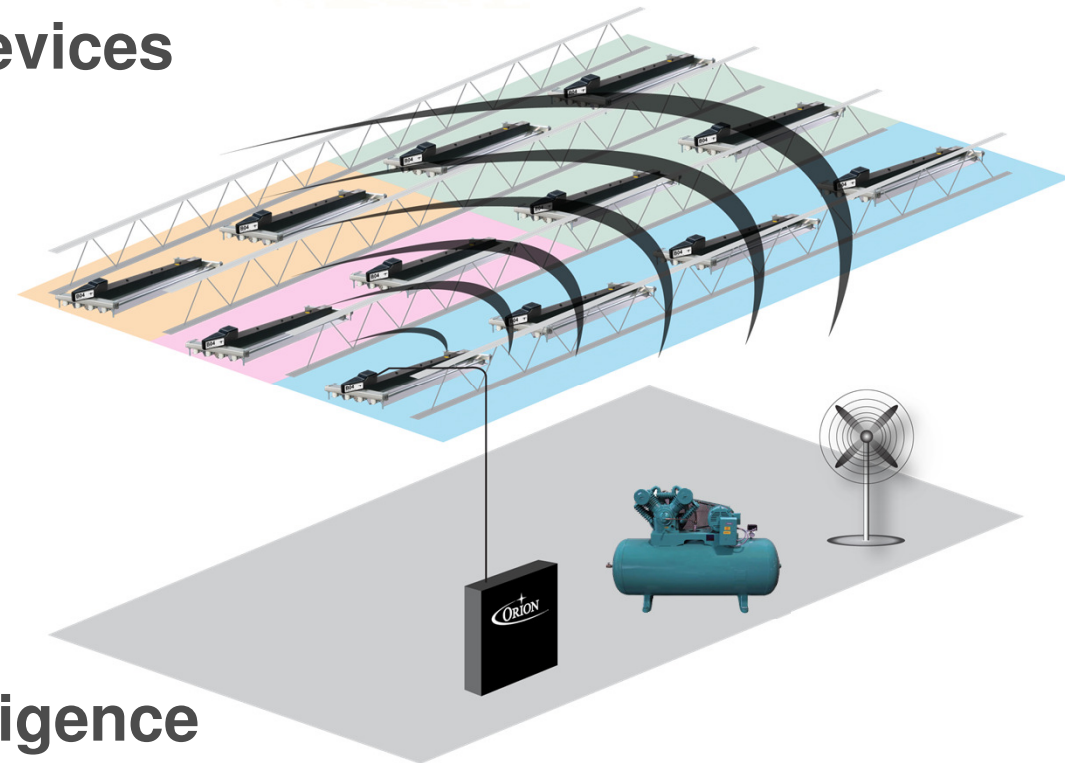
InteLite® Dynamic Control Device (DCD)

- Wireless RF Communication
- Stand Alone Control Algorithm:
 - General, Task, Aisle
- PIR Thermal Sensor
- Proprietary Blaster Mode
- Dual Relays



IntelLite® - Building Automation with I₂ Interface

- Simple GUI
- Standardized Software Platform
- “Off the Shelf” Peripheral Devices
- Daylight Harvesting
- Time of Day
- Change of State
- Demand Response
- Cloud-based Business Intelligence



CASE STUDY: Compelling ROI / Recurring Revenue

Concept Proposals | GAP – Fishkill, NY

Initial Project – Compact Modular

Total System and Installation Costs	\$913,812.16
Estimated State or Local Rebate	<u>(\$282,878.34)</u>
Investment After Rebate	\$630,933.82
System 1 st Year Return	\$1,248,563.12
Average Project ROI	197.9%

Follow-On Project – Wireless Controls and 28w Re-Lamp

Total System and Installation Investment	\$423,244.15
Estimated State or Local Rebate	<u>(\$188,859.00)</u>
Investment After Rebate	\$234,385.15
System 1 st Year Return	\$240,845.64
Average Project ROI	102.8%

Delay	Cost of Delay	% of Total Investment Delayed
Delay for 1 Month	\$20,070	8.6%
Delay for 2 Months	\$40,140	17.1%
Delay for 3 Months	\$60,210	25.7%
Delay for 4 Months	\$80,280	34.3%
Delay for 5 Months	\$100,350	42.8%
Delay for 6 Months	\$120,420	51.4%

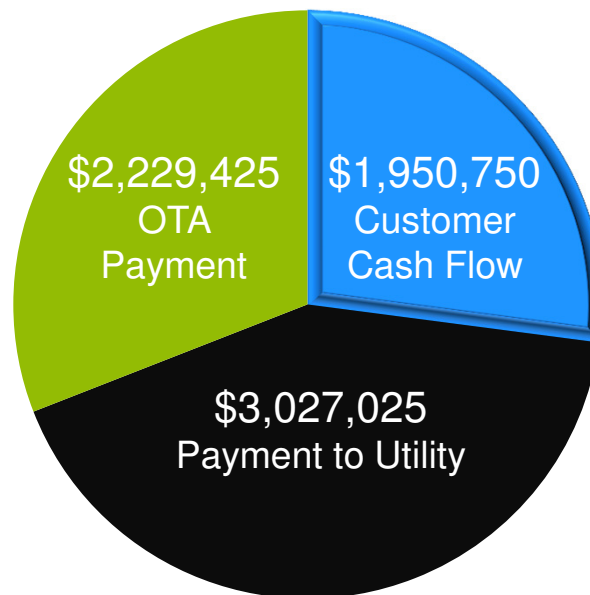
CASE STUDY: Orion Throughput Agreement (OTA)

Concept Proposal | Quad/Graphics – five sites in WI – Lighting Retrofit and Wireless Controls

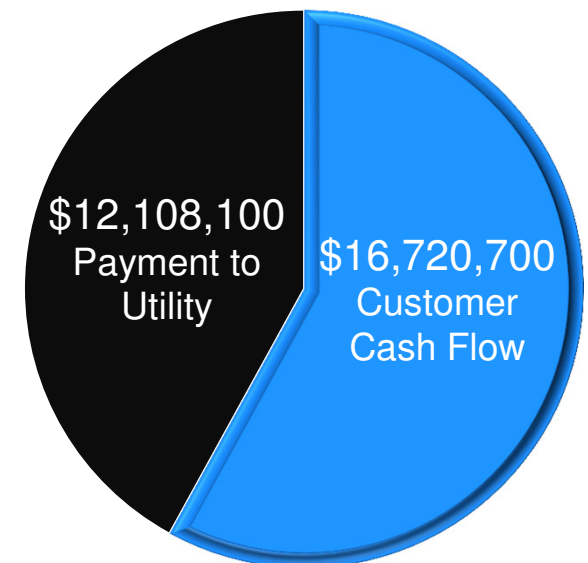
BEFORE



DURING 5-YEAR TERM



LIFECYCLE
(20 year total)



- ✓ Replaced Orion HIF technology installed six years ago
- ✓ Added Intelite® Wireless Controls
- ✓ Net cash flow positive to Orion through project funding

**Customer Benefit – Immediate Positive Cash Flow
with No Upfront Capital Investment**



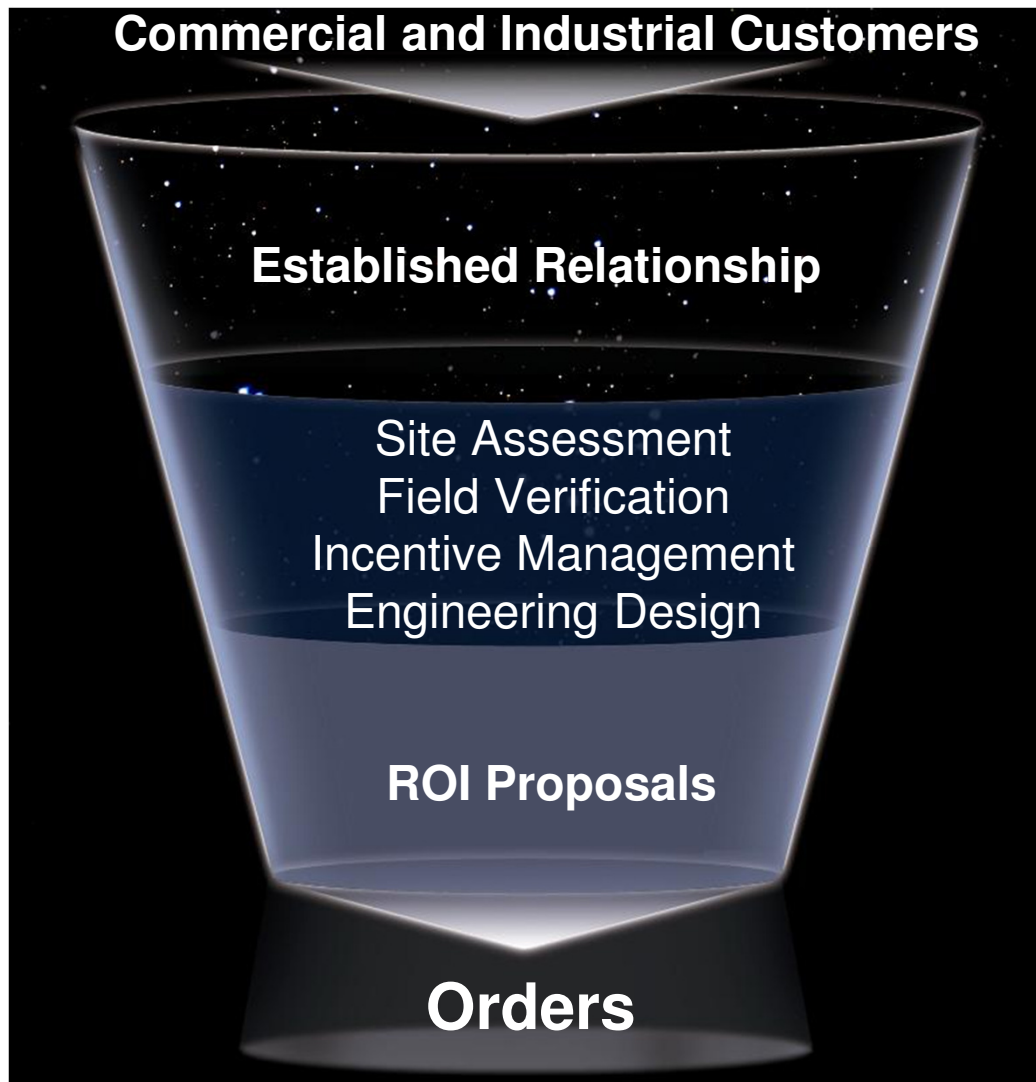
Execution

Orion Energy Systems, Inc.

5 Year Operating Plan

- A Comprehensive Portfolio of Patented Products
- Vertically Integrated Manufacturing Plant
- Build Out Infrastructure
- Appropriate Capital Structure
- Systemized, Repeatable Sales Process
- Geographic Expansion
- Refined Orion Throughput Agreement

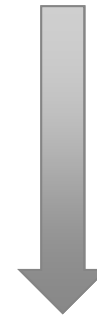
Significant Investment in Sales “Pipeline”



Gross Pipeline ~ \$300 Million



Gestation Period ~ 3-6 months

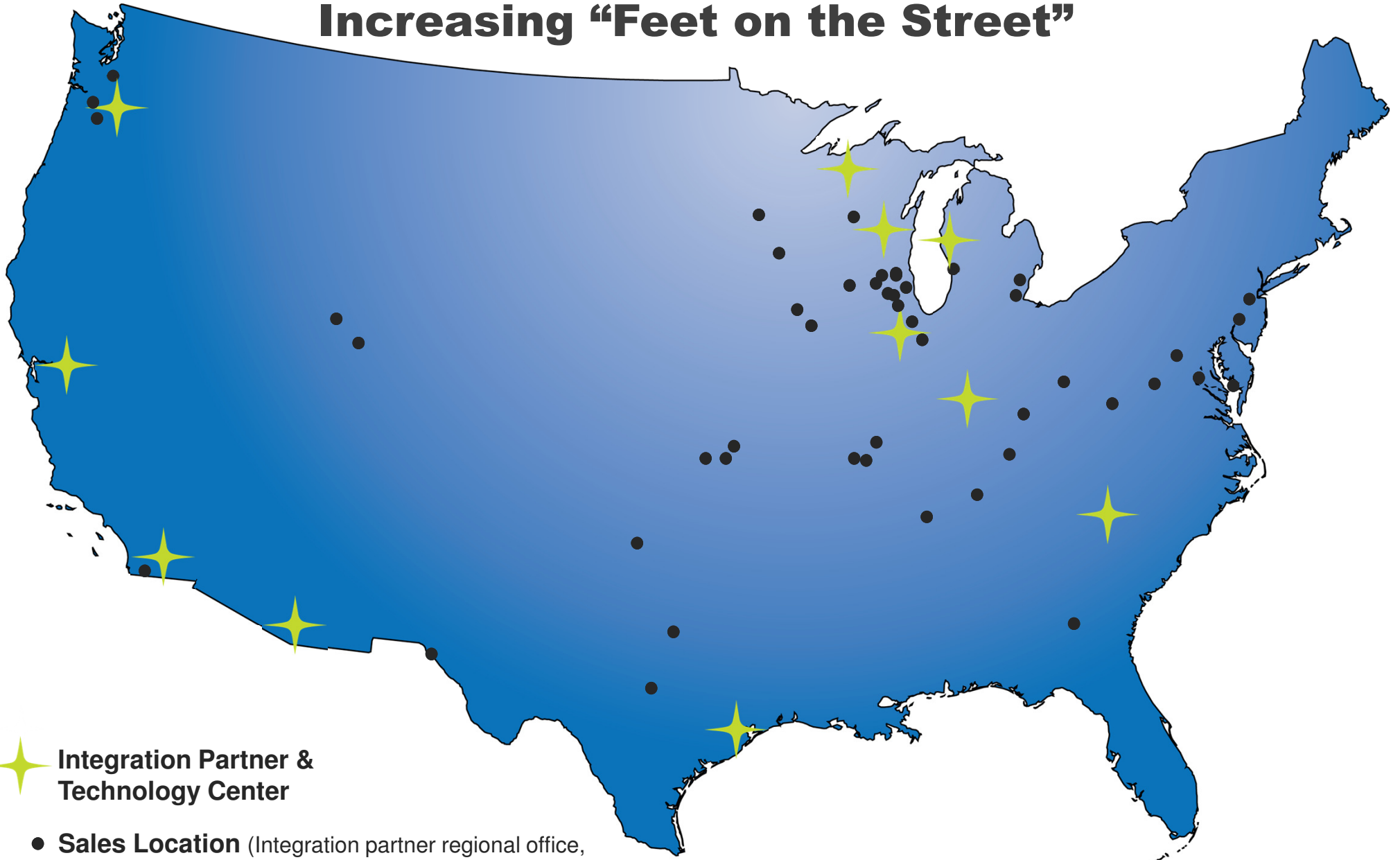


Closing Ratio ~ 30-35%

Sales & Marketing Costs = 15% of LTM Revenues



Increasing “Feet on the Street”

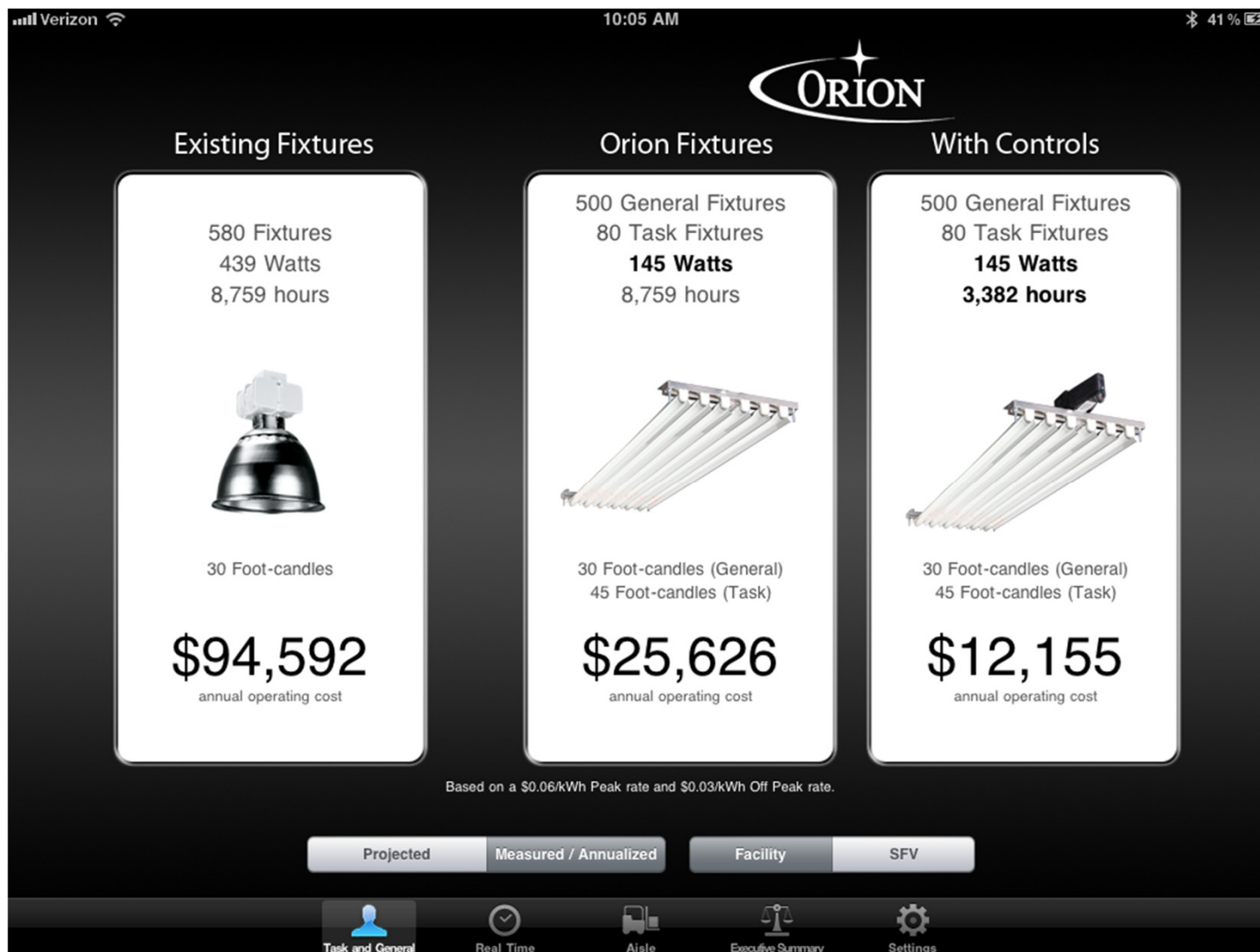


**Integration Partner &
Technology Center**

- **Sales Location** (Integration partner regional office,
VAR partner location, Orion in-market sales office)

Orion Energy Systems, Inc.

Site Field Verification Tool

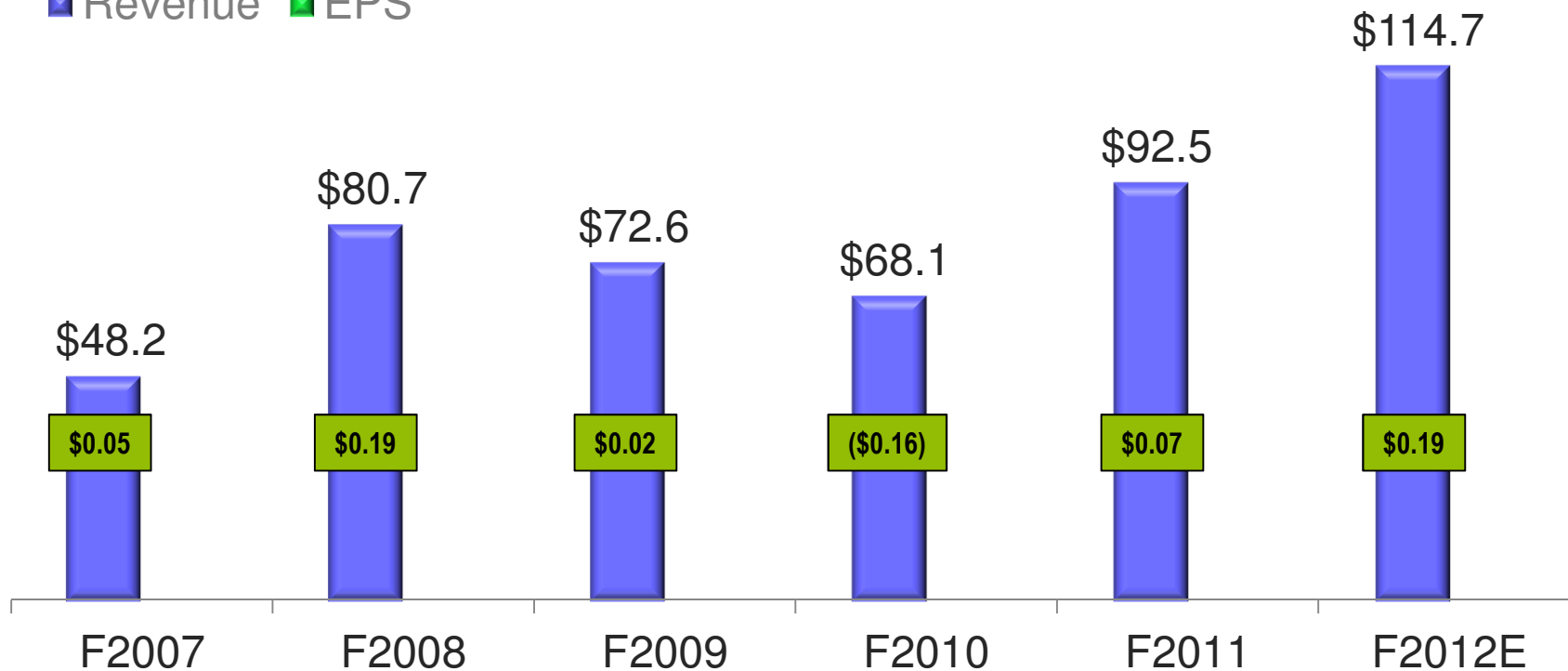


Performance History

Fiscal Year End March 31

(\$ in millions)

■ Revenue ■ EPS



Note 1: F2012 figures represent the average of most-recent revenue and EPS estimates published by analysts covering Orion.

Note 2: F2010 and F2011 results include the impact of the financial statement restatement related to OTA revenue recognition accounting change.

Fiscal 2012 Q1 Operating Results

(\$ in Millions)	Three Months June 2010 (1)	Three Months June 2011	Change
Revenue	\$17.0	\$22.8	34%
Gross Margin %	33.9%	30.9%	(300) bp
Operating Expenses	\$7.1	\$7.5	(6)%
Operating Loss	\$(1.4)	\$(0.4)	71%
Net Loss	\$(0.5)	\$(0.2)	60%
Loss per Share	\$(0.02)	\$(0.01)	50%

(1) Operating results for Q1 F2011 includes the impact of the financial statement restatement related to OTA revenue recognition accounting change.

FY2012 Outlook

	Guidance provided by Orion	Range of Analyst Estimates	Consensus Analyst Estimates
GAAP Revenues	\$112 to \$118 million	\$112 to \$118 million	\$115 million
GAAP EPS	\$0.18 to \$0.22	\$0.18 to \$0.20	\$0.19

Cash, Debt and Liquidity Position

(\$ in Millions)	As of March 31, 2011	As of June 30, 2011
Cash	\$11.6	\$12.6
Short-term investments	\$1.0	\$1.0
Total debt	\$5.4	\$7.9
Revolving credit facility – availability	\$13.3	\$13.3



Thank You

Questions & Answers

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