

Investor Update

May 26, 2010

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



**Permanent Base
Load Reduction**

**Energy
Generation**

Off The Grid

Our Mission

❑ Deliver Permanent Distributed Load

Reduction/Distributed Renewable Generation

- ❑ Cost Effective**

- ❑ Without Compromise**

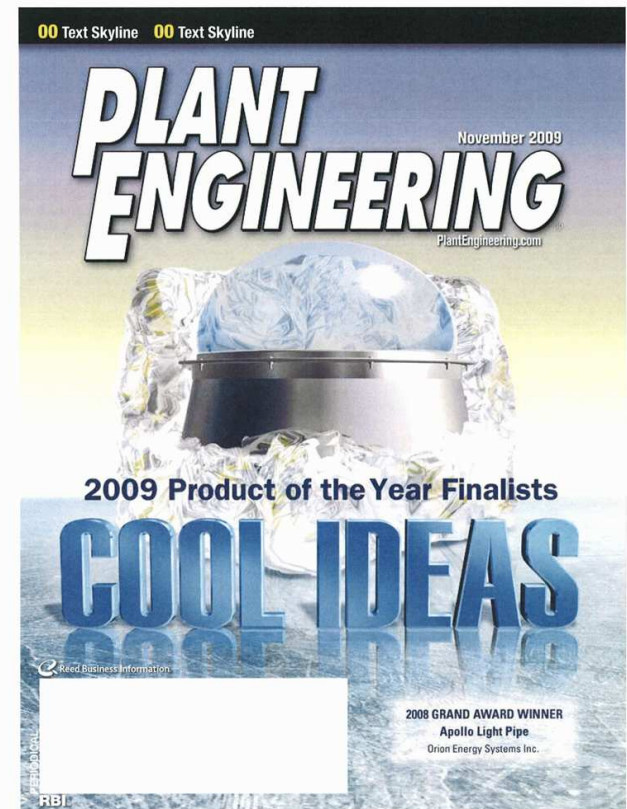
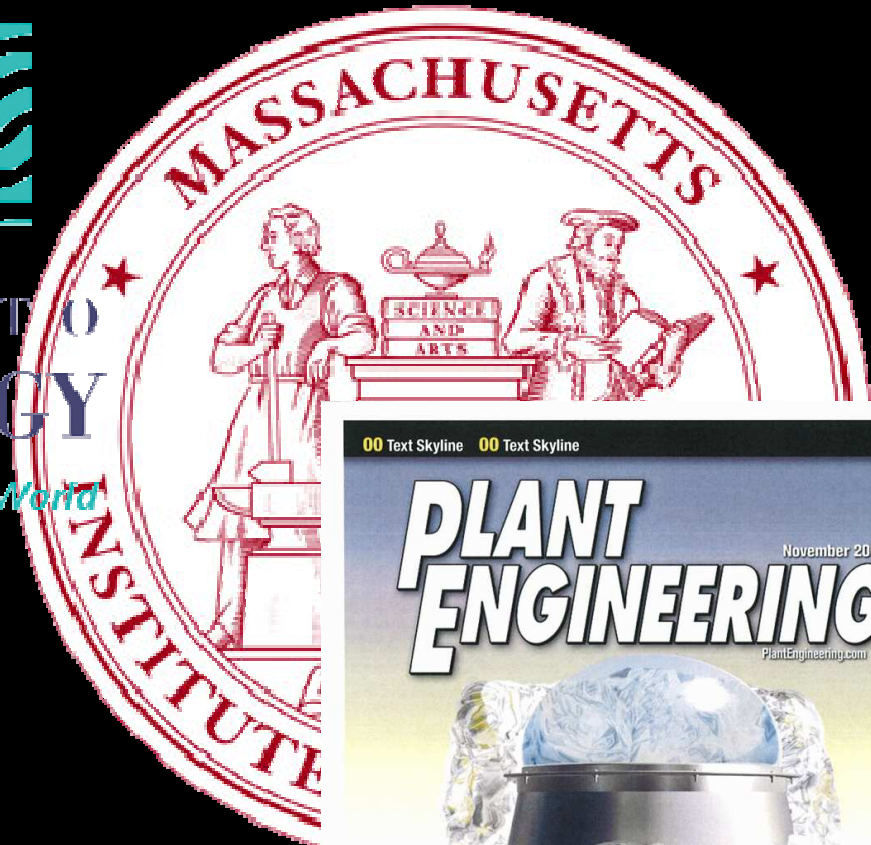
❑ Bridge the Gap between Environmental Stewardship and Capitalism

Validation – 26 issued, 22 pending U.S. patents



ALLIANCE TO
SAVE ENERGY

Creating an Energy-Efficient World



Proven Track Record

\$857 million Saved

120 Fortune 500 Customers

5,612 Facilities Completed

886 Million Sq. Ft. Retrofitted

7.4 million tons CO₂ avoided



PEPSICO

145 Completed



OfficeMax
WORK WITH US

17 Completed



343 Completed



41 Completed



95 Completed



TOYOTA

9 Completed

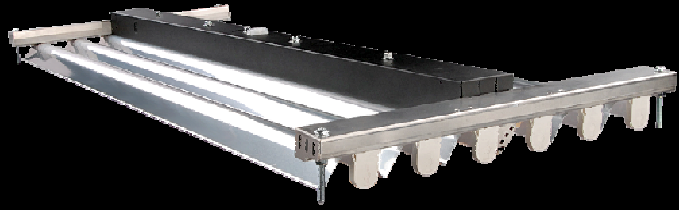


93 Completed



75 Completed

Integrated Energy Management System



**Compact Modular™
(Phase I)**



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



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

Expanding Product Offering

Parking Lot Lighting



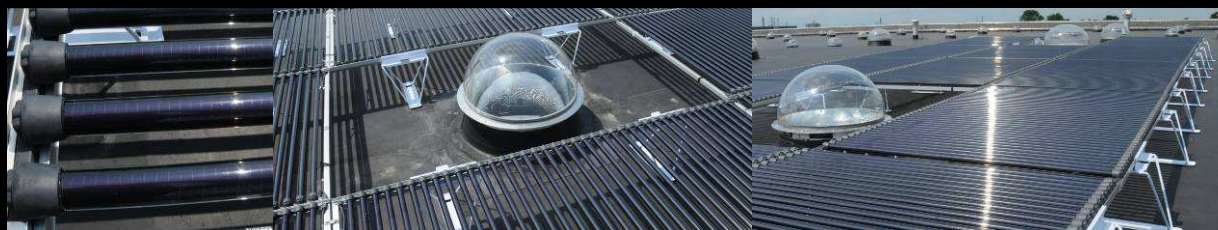
Roadway Lighting



Direct Renewable
Apollo® Solar Light Pipe



Photovoltaic



SOLYNDRA

LED Technology



Orion Fluorescent
227 Watts
25 Footcandles



Orion LED
153 Watts
28 Footcandles

Solar Installations

Completed Solar Installations

854 kW

Anheuser Busch – Newark, NJ

534 kW

Coca-Cola – Coachella, CA

50 kW

Coca-Cola – Macon, GA

50 kW

Orion – Manitowoc, WI

220 kW

The logo for SOLYNDRA features a stylized sun icon with three horizontal lines above the letter 'O', followed by the word 'SOLYNDRA' in a bold, blue, sans-serif font.

Competitive Advantage

- ❑ Energy experts
- ❑ Industry leading technology consistently outperforming the competition
- ❑ Proven Track Record
- ❑ Repeatable Sales Process
- ❑ Patent-pending, Innovative Financing Solution
- ❑ Vertically Integrated Manufacturing
- ❑ Thought-leadership

The Orion Advantage – Thermal & Optical Efficiency

Optical

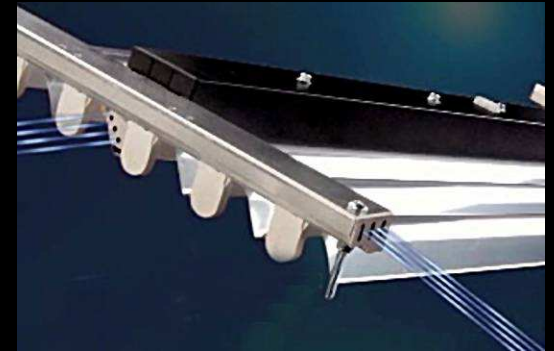


- Super High Bay
- High Bay
- Low Bay
- Economy

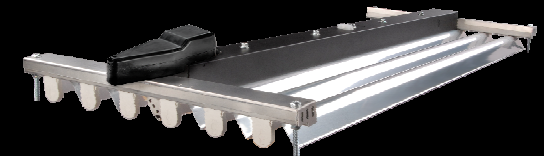
Conductive & Radiant



Convective



Modular Platform



Superior Product Differentiation

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

Legacy HID

465 Watts
8,760 hours



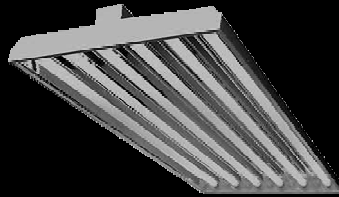
30 Foot-candles

\$313

operating cost

Traditional HIF

224 Watts
8,760 hours



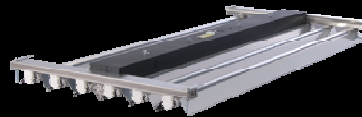
30 - 35 Foot-candles

\$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

Compelling ROI (Lighting Retrofit)

Concept Proposal

GAP – Fishkill, NY – **Compact Modular**

Overall Systems Investment

System Costs	\$640,412.16
Installation Costs	\$273,400.00
Total Investment	\$913,812.16
Estimated State or Local Rebate	(\$282,878.34)
Investment After Rebate	\$630,933.82

System 1 st Year Return	\$1,248,563.12
Average Project ROI	197.9%

Each monthly delay will cost YOU money!

Delay	Cost of Delay	% of Total Investment Delayed
Delay for 1 Month	\$104,047	16.5%
Delay for 2 Months	\$208,094	33.0%
Delay for 3 Months	\$312,141	49.5%
Delay for 4 Months	\$416,188	66.0%
Delay for 5 Months	\$520,235	82.5%
Delay for 6 Months	\$624,282	98.9%

Compelling ROI (Controls & Relamp)

Concept Proposal

GAP – Fishkill, NY – **Wireless Controls and 28w Re-Lamp**

Overall Systems Investment

System Allowance	\$348,150.40
Labor Allowance	41,750.00
Rebate Management Fee Allowance	\$33,343.75
Total Investment	\$423,244.15
Estimated State or Local Rebate	(\$188,859.00)
Investment After Rebate	\$234,385.15

OVPP Supply Agreement

Current Utility Expense	\$427,525.18
New Utility Expense	-\$186,679.55
Orion Supply Agreement	-\$110,439.96
Annual Free Cash Flow	\$130,405.67

System 1 st Year Return	\$240,845.64
Average Project ROI	102.8%

*Each monthly delay will cost **YOU** money!*

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%

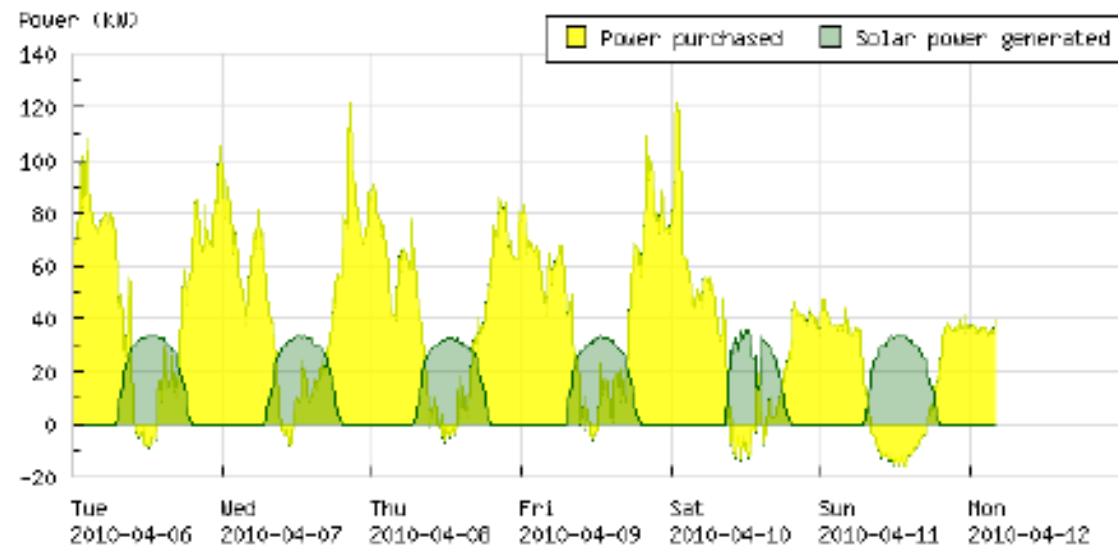
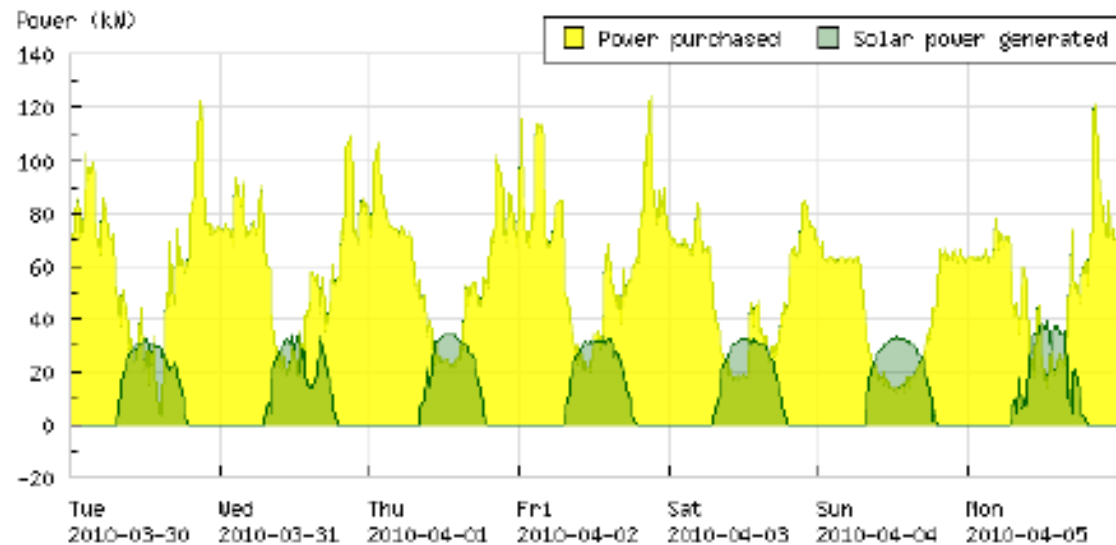
Coca-Cola Enterprises Inc.

Coachella, CA (50 kW)

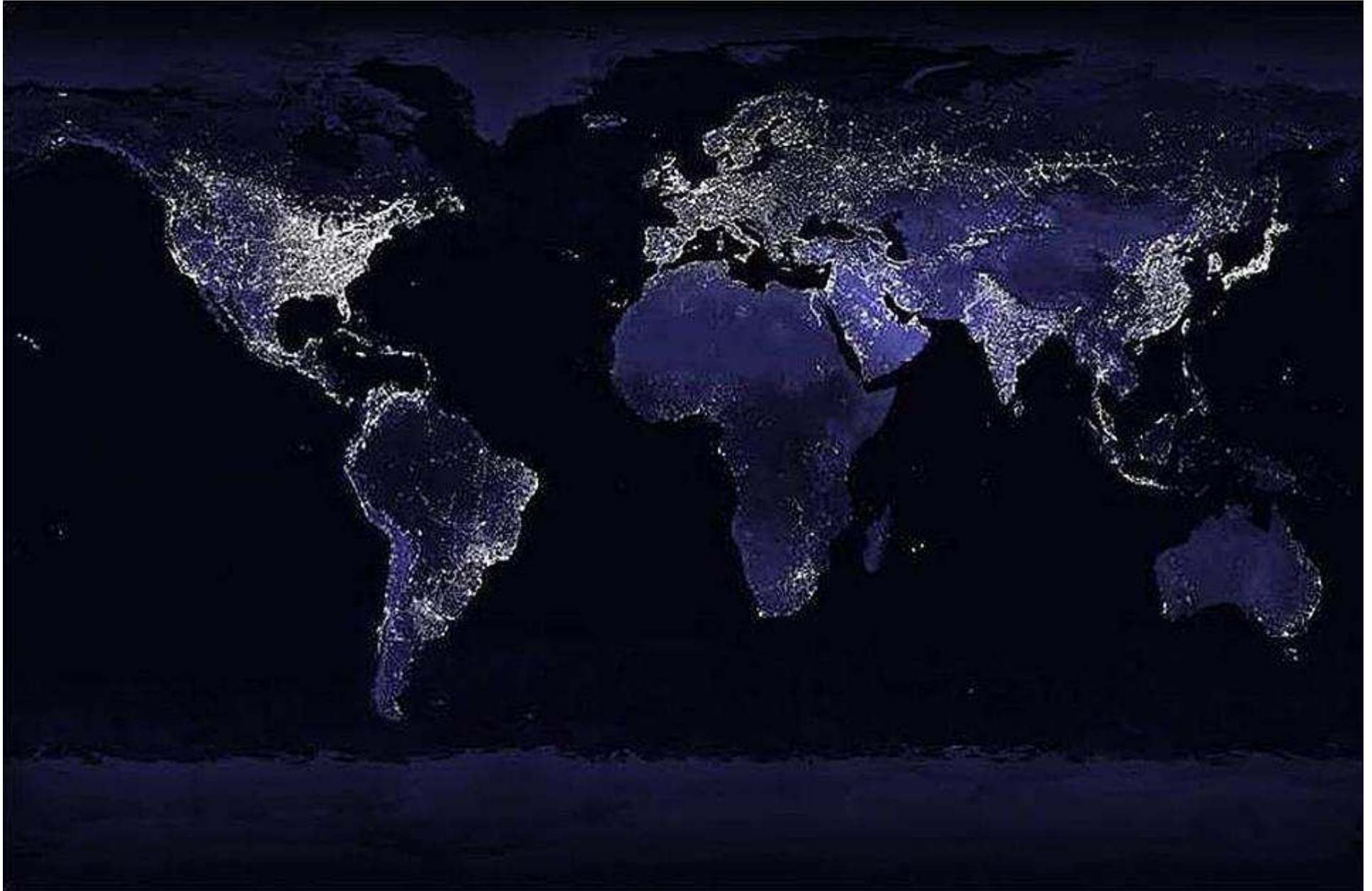


SOLYNDRA

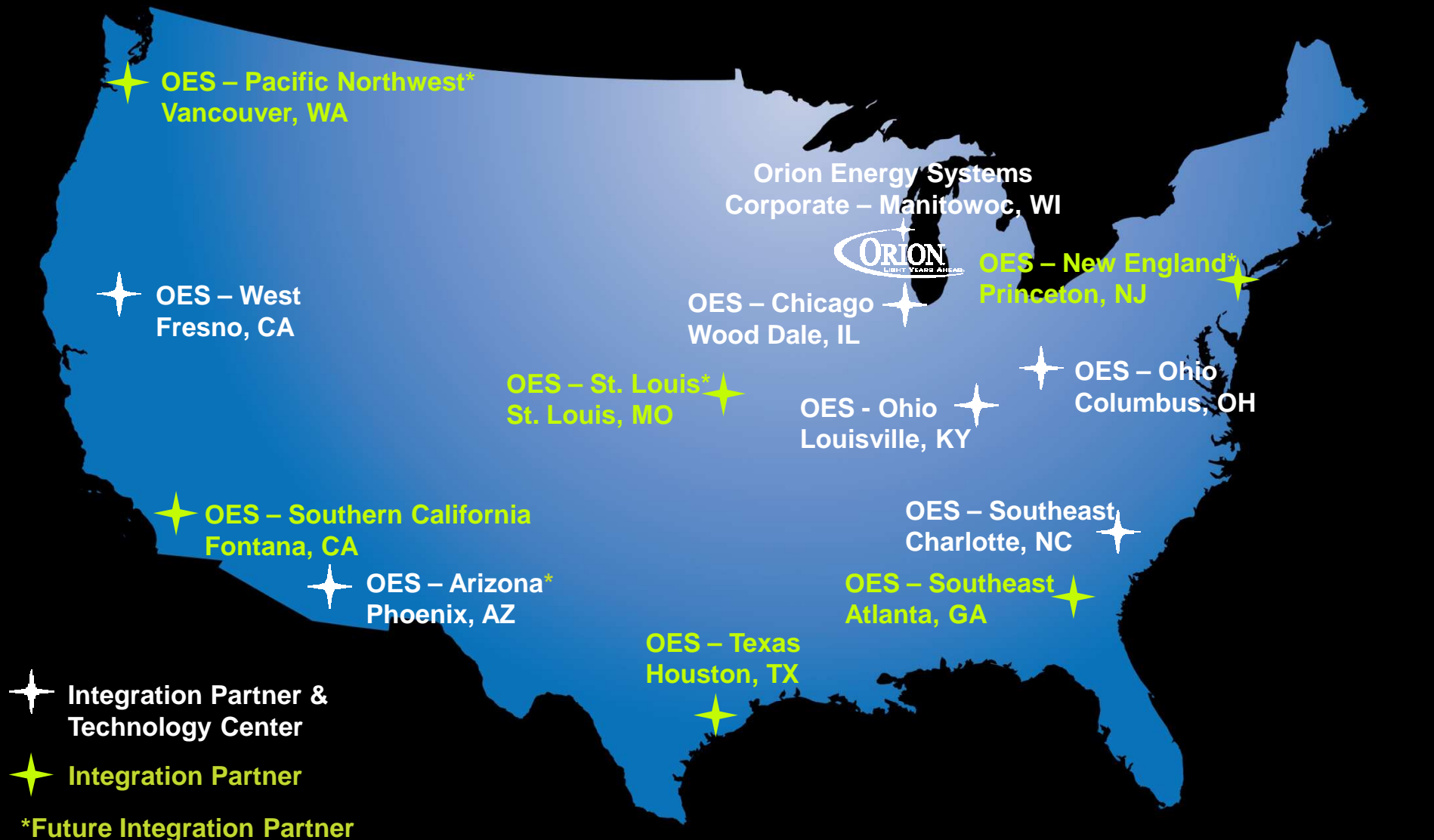
OFF the Grid



Large Market Opportunity



Sales Force Expansion



The Future

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



Orion (500 MW)

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



Traditional Coal-Fired Power Plant (500 MW)

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

Performance History

■ Revenue

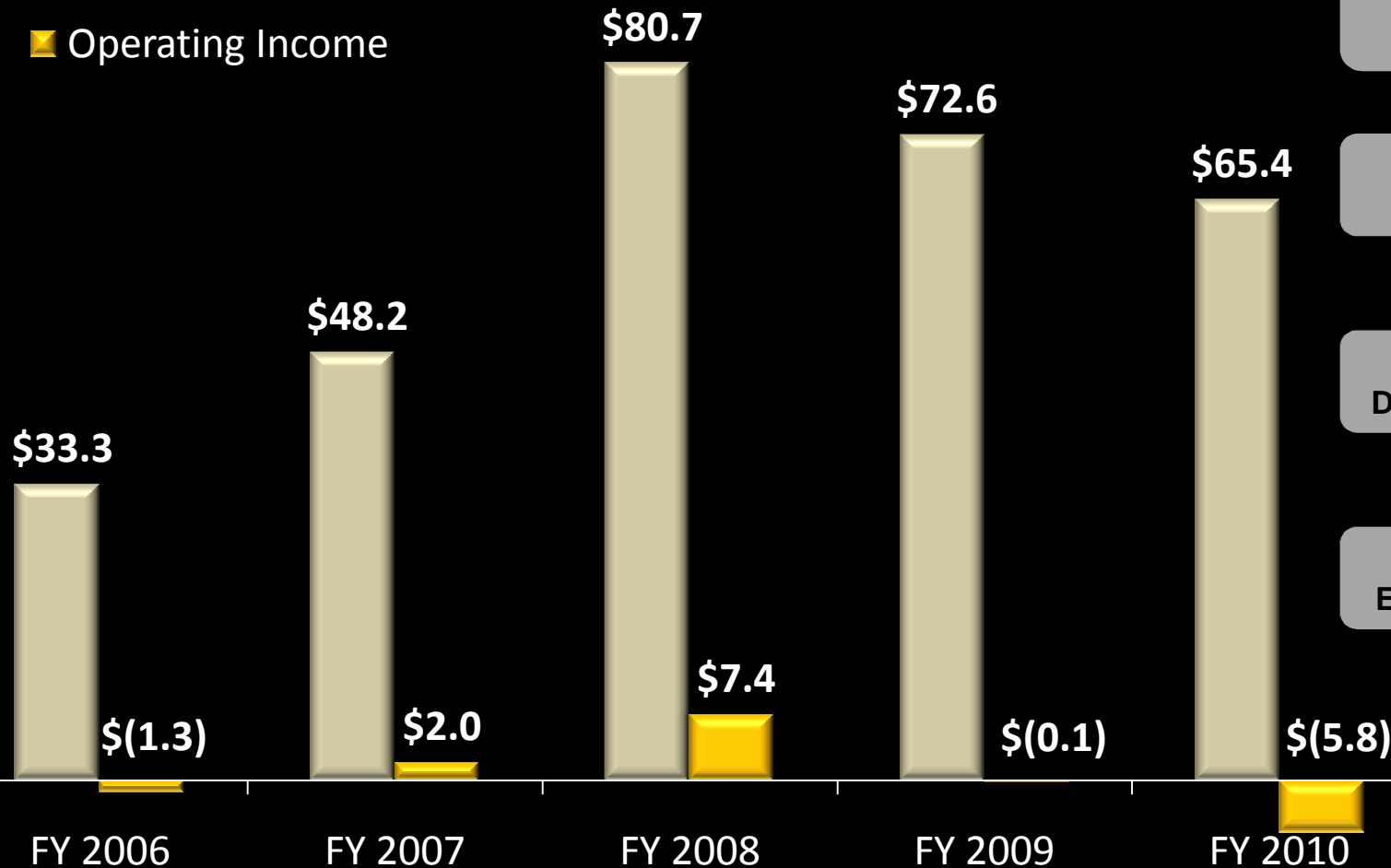
■ Operating Income

5,612 Facilities
Retrofitted

7.4 million tons
CO2 Avoided

528 Megawatts
Demand Reduction

\$857 Million
Electricity Savings



Fiscal 2010 Operating Results

(\$ in Millions)	F4Q 2010	Fiscal Year 2009	Fiscal Year 2010
Bookings	\$16.4	\$71.6	\$73.9
Revenue	\$18.9	\$72.6	\$65.4
Gross Margin %	32.7%	32.5%	32.9%
Operating Expenses	\$7.5	\$23.7	\$27.3
Operating Income (Loss)	\$(1.3)	\$(0.1)	\$(5.8)
Net Income (Loss)	\$(0.8)	\$0.5	\$(4.2)
Earnings (Loss) Per Share	\$(0.04)	\$0.02	\$(0.19)

Non-GAAP Pro Forma Results

(\$ in Millions)	Actual Fiscal Year 2010	Non-GAAP Adjusted Fiscal Year 2010	Estimated Fiscal Year 2011 (Midpoint)	Non-GAAP Adjusted Fiscal Year 2011 (Midpoint)
Bookings (1)	\$62.2		\$81.0	
Bookings: OVPP & PPA	\$11.7		\$24.0	
Total Bookings	\$73.9		\$105.0	
GAAP Revenue (3)	\$65.4			
GAAP Net Income (Loss) (3)	\$(4.2)			
GAAP Earnings (Loss) Per Share	\$(0.19)		\$0.06	
NPV of future impact of Non-GAAP Adjusted Earnings Per Share from future contracted revenues (2)		\$0.07		\$0.23
Adjusted Non-GAAP Earnings (Loss) Per Share		\$(0.12)		\$0.29

(1) Bookings are defined in the Company's Form 10-Q reports.

(2) Non-GAAP reconciliation of the net present value (NPV) of future anticipated GAAP earnings per share assumes OVPP and PPA contracts are carried to full term, including all contract renewals, and are discounted at the Company's weighted average cost of capital of 7.25%.

(3) The Company has not provided fiscal 2011 guidance for revenue or net income.

Non-GAAP Pro Forma Results

Management believes that the non-GAAP reconciliation for earnings per share presented on the previous slide better reflects the financial impact of the Company's increased volume of OVPP contracts in fiscal 2010 and the expectation for increasing OVPP contract volumes in future periods. The Company expenses all SG&A costs as incurred related to the customer sale and administrative costs of OVPP contracts, while deferring revenue recognition from these contracts over the full life of the contract term, including annual renewals. These up-front costs reduce near-term profitability as revenue and gross profit are recorded under GAAP in future periods. Non-GAAP earnings per share, as presented, restates the financial statement impact and the accretive earnings impact of discounting future operating contribution margin dollars from OVPP contracts into the fiscal period where the OVPP contract was executed.

While the forward looking information on the previous slide has been prepared in good faith, such forward looking information has not been prepared in accordance with generally accepted accounting principles and includes assumptions, estimates and projections about future results of the Company and general business conditions and such forward looking information, assumptions, estimates and forecasts are inherently uncertain. Actual results may differ, and may differ materially, from the forward looking information on the previous slide. The Company has no obligation to update or revise this forward looking information based on subsequent events or circumstances.

Balance Sheet

Strong Cash / Low-Debt Position

(\$ in Millions)

As of
March 31, 2009

As of
March 31, 2010

Cash	\$36.2	\$23.3
Short-term investments	\$6.5	\$1.0
Inventory	\$19.6	\$26.0
PP&E (net)	\$23.0	\$30.5
Total Debt	\$4.4	\$3.7
Shareholders' Equity	\$88.7	\$87.7

Thank You

