

Orion Energy Systems, Inc.

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ThinkEquity's **8th Annual Growth Conference**

September 13-14, 2011

NYSE Amex: OESX
www.oesx.com



Forward Looking Statements

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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.

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A Power Technology Enterprise



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



Experts in delivering scalable & sustainable electrical load reduction/shifting and renewable generation for commercial industrial end users

- ***Exceptional ROIs***
- ***Least cost per megawatt***

Permanent Distributed Load Reduction/Generation

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Apollo Solar Light

Pipes: 122 kW

Compressed Air: 60 kW

Wind: 50 kW



Lighting: 134 kW

Solar PV: 250 kW

Wind: 20 kW

Life Cycle Costs:

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

w/o Incentive: \$0.0434/kWh

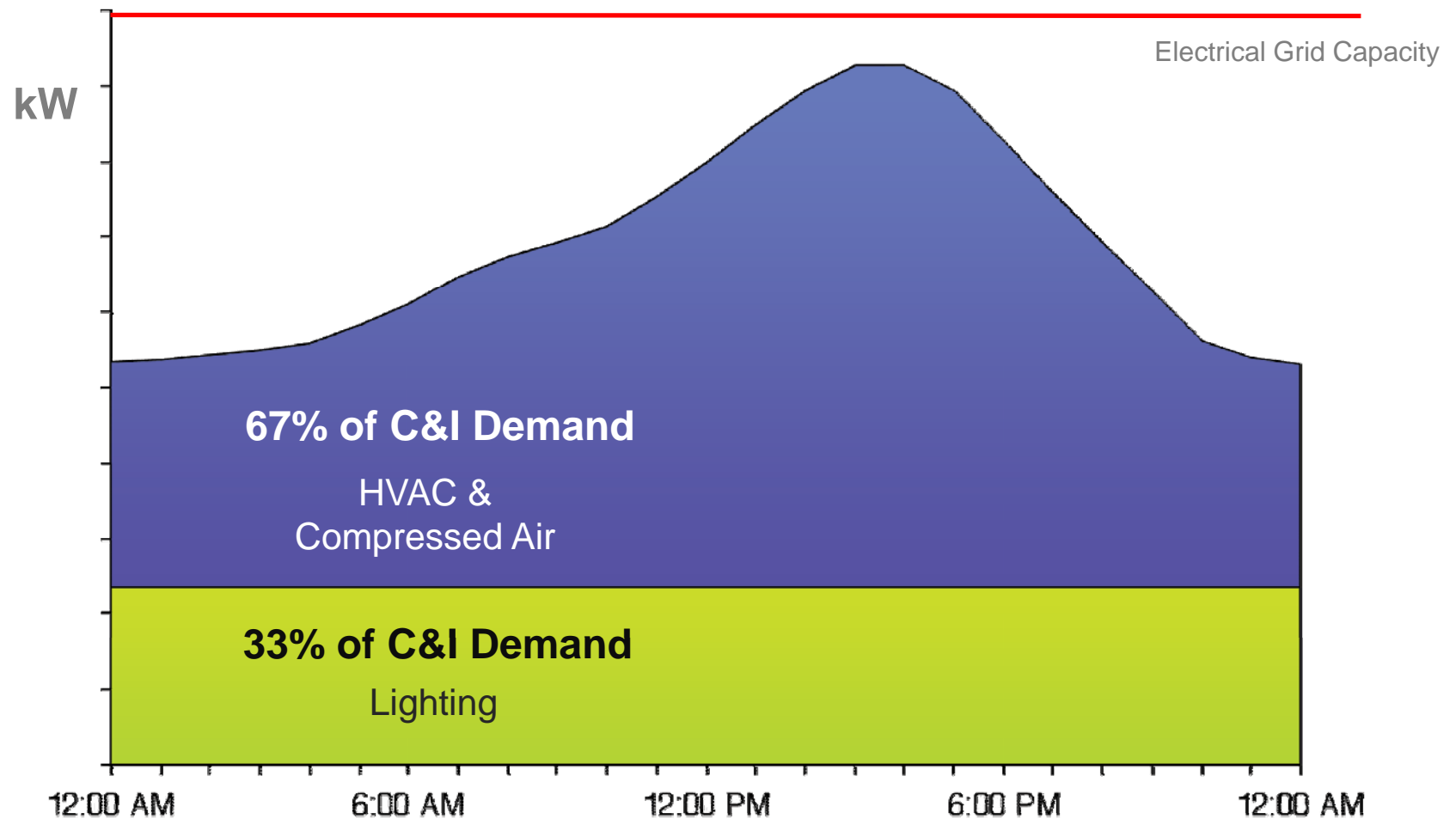
Base Line Usage	596 kW
PDLR	316 kW
Renewable Generation	320 kW
Load Shifting	30 kW
CO₂ Offsets	1,424 tons



The Opportunity

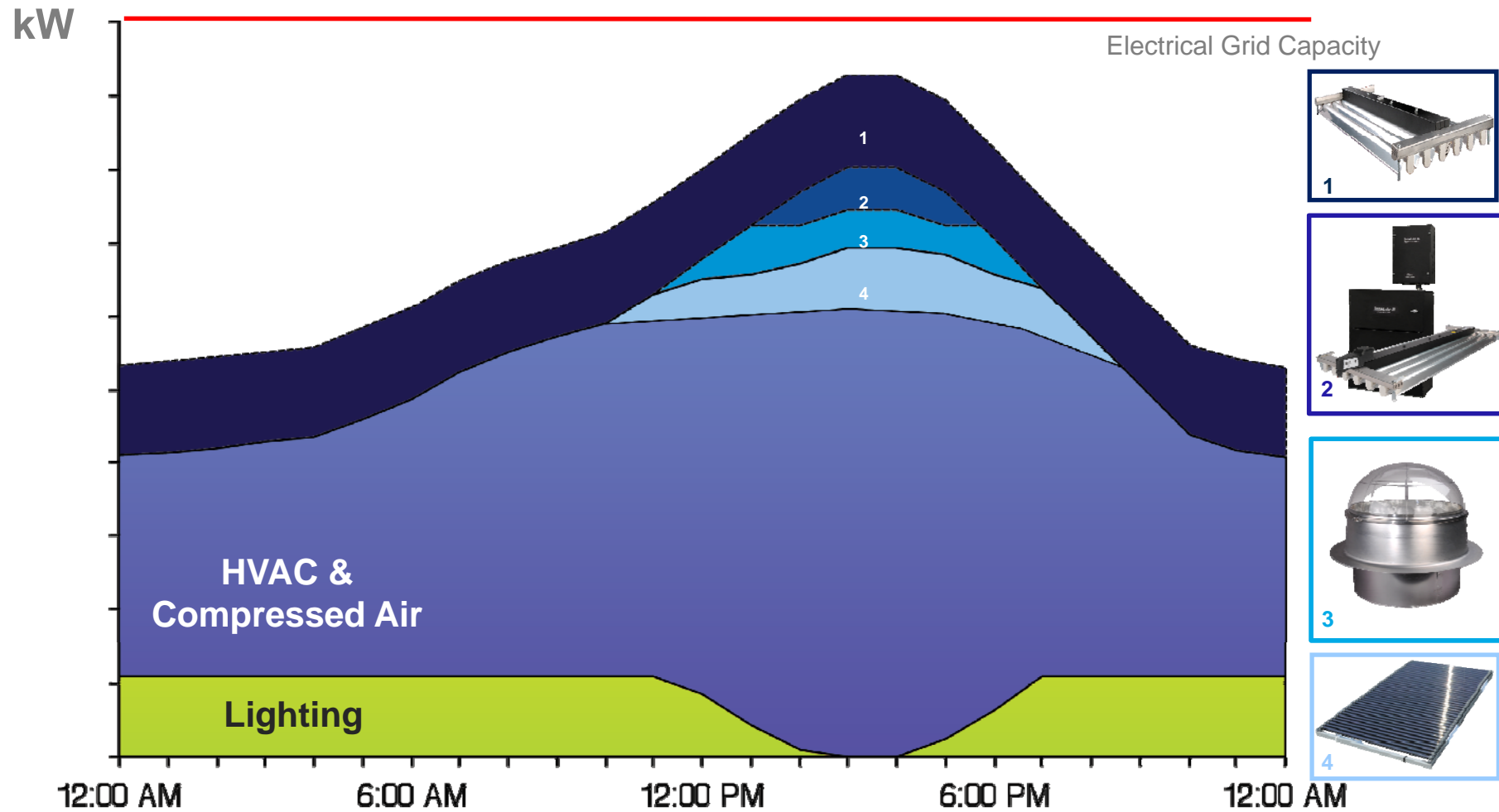
Electricity Usage in Commercial and Industrial Buildings

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Daily Base and Peak Load Reduction: Integrated Energy Management System

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Large Market Opportunity: Integrated System

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

*Derived from United States Department of Energy



Execution



5 Year Operating Plan

- **Appropriate Capital Structure**
- **A Comprehensive Portfolio of Patented Products**
- **Vertically Integrated Manufacturing Plant**
- **Build Out Infrastructure**
- **Systemized, Repeatable Sales Process**
- **Refined Orion Throughput Agreement**
- **Ongoing Validation of Business Model**

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- **Expand Partner Network**
- **Increase “Feet on the Street”**
- **InteLite® Site Field Verification**



Sustainable Product Differentiation

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Patented Thermal and Optical Design Dynamic Control



Legacy High Intensity
Discharge (HID)

465 Watts
8,760 hours



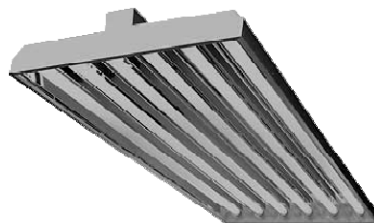
30 Foot-candles

\$407

operating cost

Traditional High Intensity
Fluorescent (HIF)

224 Watts
8,760 hours

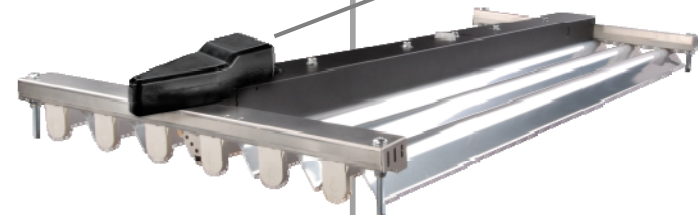


30 Foot-candles

\$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

Case Study - Compelling ROI / Recurring Revenue

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Concept Proposals

GAP – Fishkill, NY

Initial Project – Compact Modular

Total System and Installation Costs	\$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%

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

Total System and Installation Investment	\$423,244.15
Estimated State or Local Rebate	(\$188,859.00)
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)

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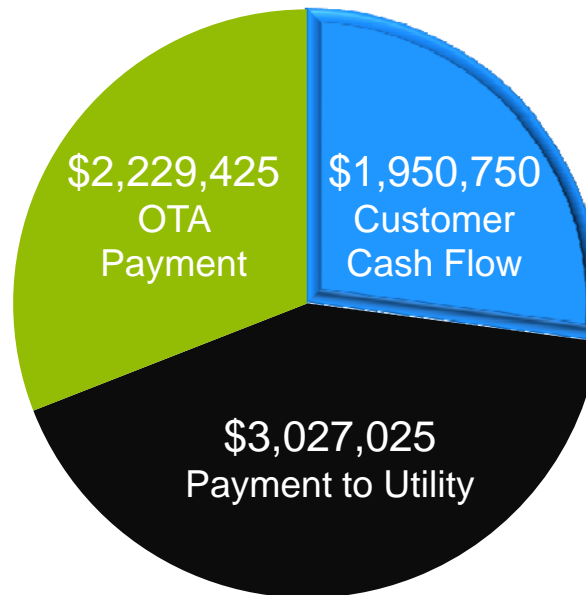
Concept Proposal

Quad/Graphics – five sites in WI – **Lighting Retrofit and Wireless Controls**

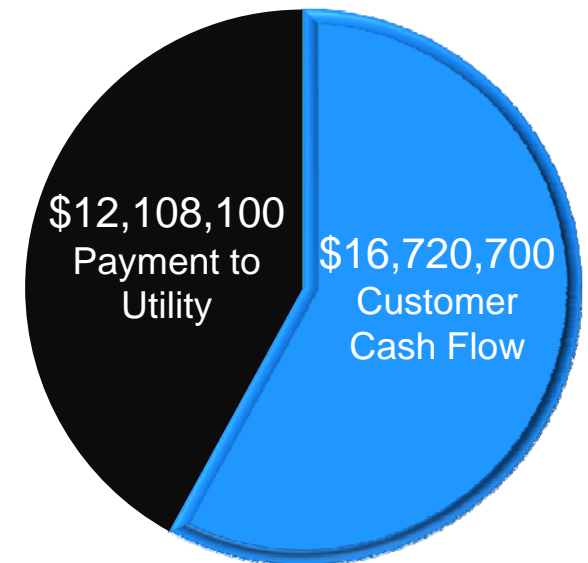
BEFORE



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**

Significant Installed Base of Customers

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95 Completed



20 Completed



361 Completed



42 Completed



107 Completed



9 Completed



145 Completed

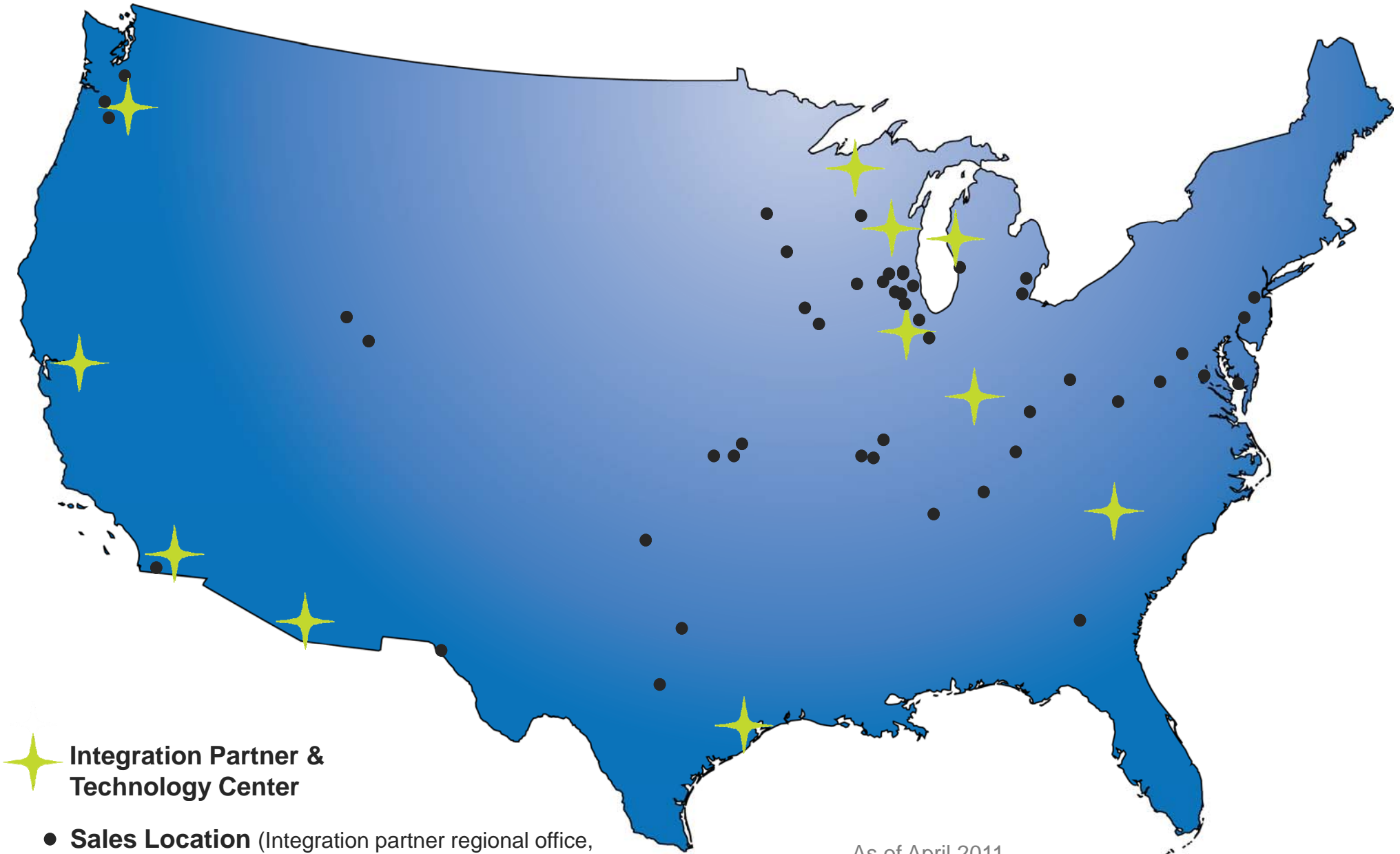


86 Completed

As of June 30, 2011

Increasing “Feet on the Street”

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As of April 2011

Significant Investment in Sales “Pipeline”

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Gross Pipeline ~ \$300 Million



Gestation Period ~ 3-6 months



Closing Ratio ~ 30-35%

Sales & Marketing Costs = 15% of LTM Revenues

Performance History

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Fiscal Year End March 31

(\$ in millions)



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

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(\$ 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.

F2012 Outlook

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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

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(\$ 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

Compelling Growth Opportunities

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Growing the number of “Feet on the Street”

- Significantly expand through optimal mix of direct sales vs. mfg. reps vs. partners

Expanding market share of significant HID retrofit market

- Up to \$100 billion market opportunity that is still growing

Adoption of renewable energy technologies

- Complimentary offerings - Photovoltaic Solar Panels, Apollo Solar Light Pipe

Increasing penetration (or attach rate) of wireless controls

- Compact Modular lighting fixtures installed in over 6,800 facilities
- Cross-selling opportunity with only ~ 600 facilities fitted with wireless controls

Customer acceptance of innovative OTA financing solution

- Compelling economic value proposition to customers, banks and Orion

Current Infrastructure Capable of Handling a Revenue Base of Over \$250 Million – with Minimal Capex Investment

Thank You

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Questions & Answers

NYSE Amex: OESX
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