Orion Energy Systems, Inc.

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Investor Presentation

December 2010

NYSE Amex: OESX
www.oesx.com

ORION
LIGHT YEARS AHEAD®

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.

Our Products = Integrated Energy Management System

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Compact Modular™

InteLite® Wireless Controls

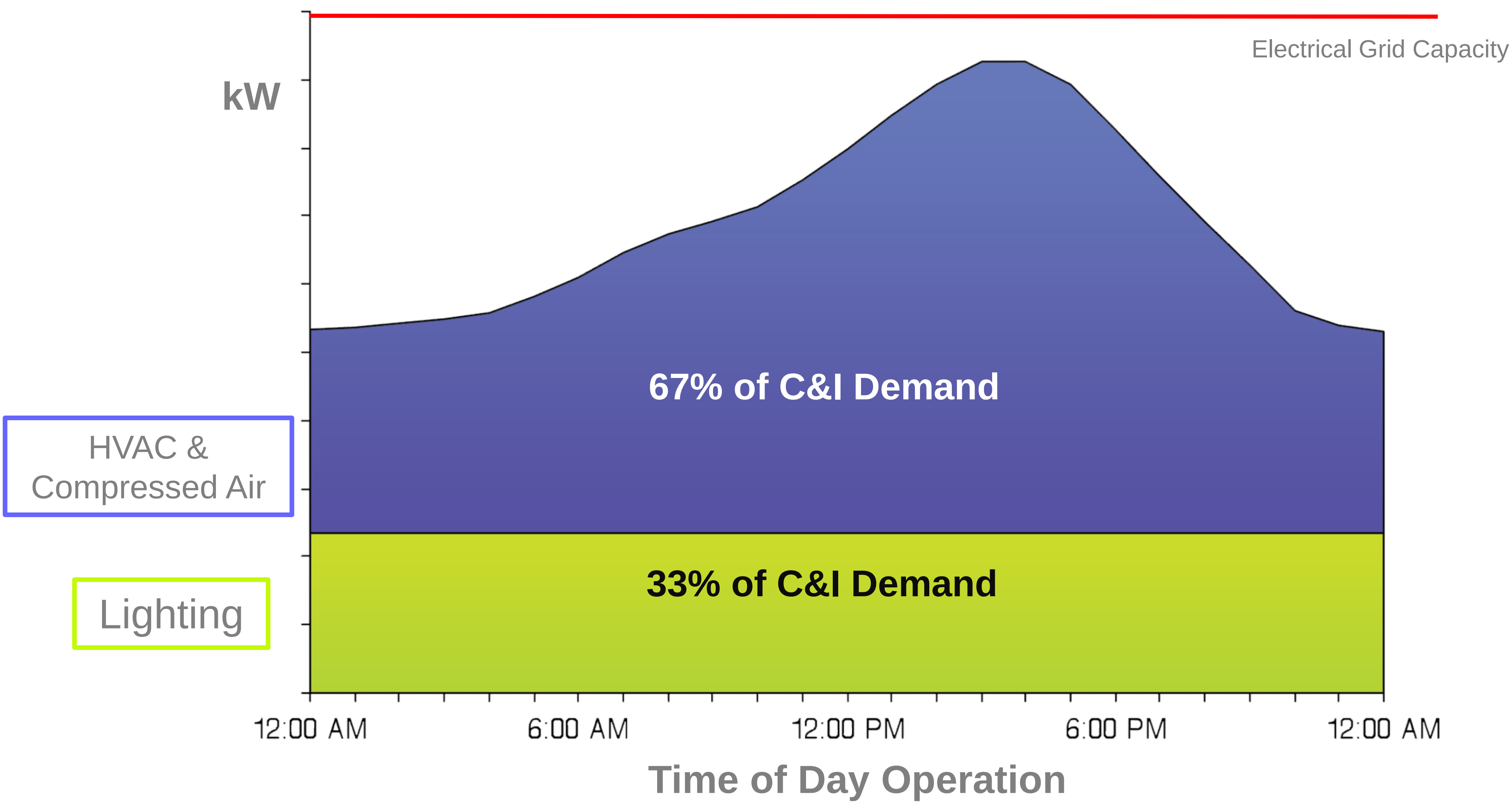
Apollo® Solar Light Pipe

Photovoltaic Solar - Solyndra

Over 50% Reduction in Electricity Costs

Big Picture - Electric System Load Profile

Typical Commercial & Industrial (C&I) Load Profile



For illustration purposes only

Daily Base and Peak Load Reduction:
Integrated Energy Management System

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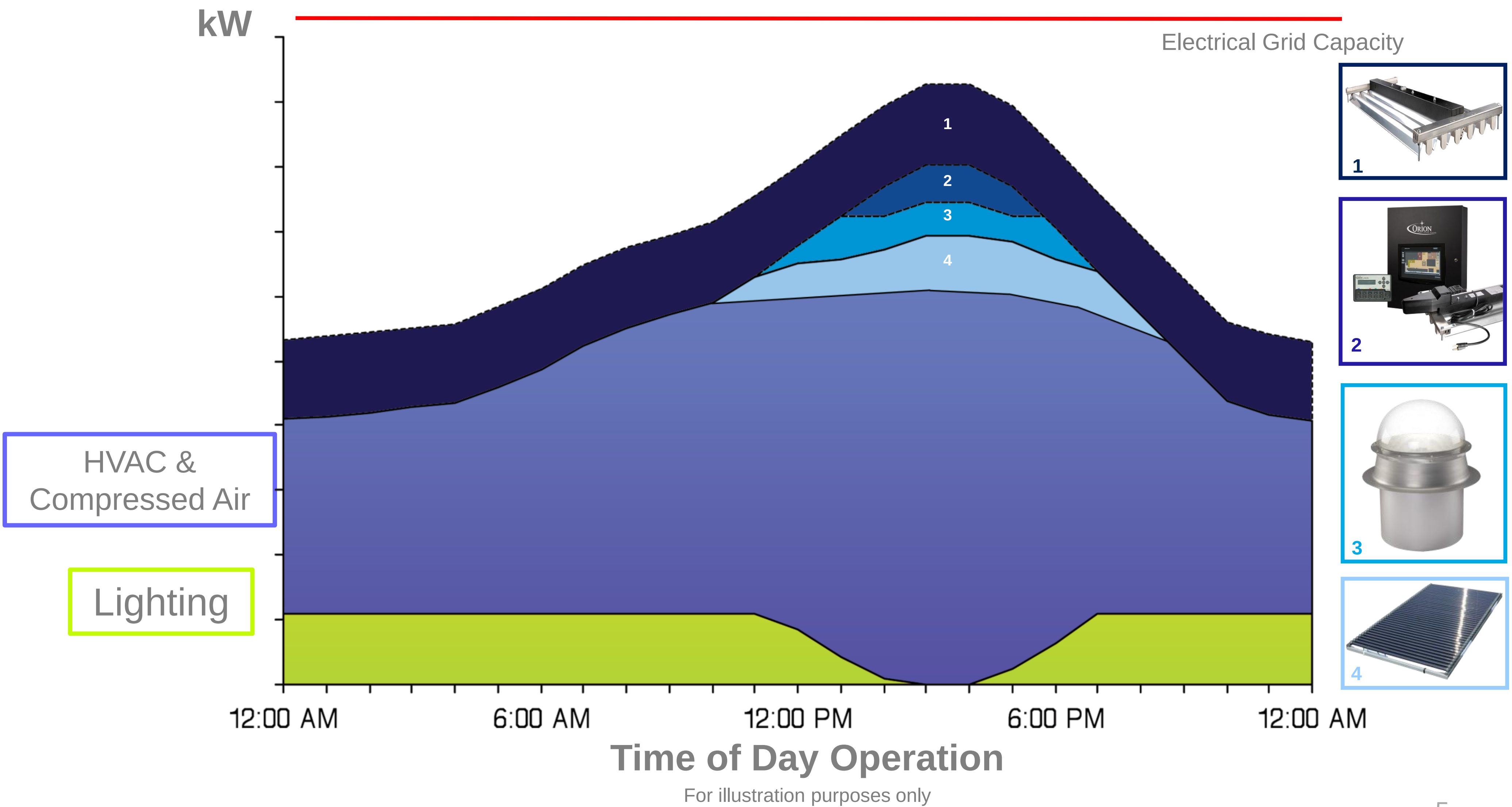

Sustainable Product Differentiation

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The Integrated Energy Management System

<u>Legacy</u> High Intensity Discharge (HID)

465 Watts

8,760 hours

30 Foot-candles

$407

operating cost

<u>Traditional</u> High Intensity Fluorescent (HIF)

224 Watts

8,760 hours

30 Foot-candles

$196

operating cost

ORION

134 Watts

8,760 hours

30 Foot-candles

$117

operating cost

134 Watts

4,380 hours

30 Foot-candles

$58

operating cost

Based on a $0.10/ kWh electricity rate

Patented Designs Deliver More Light with Less Energy

COMPACT MODULAR™

Optimizing Thermal and Optical Performance

Thermal

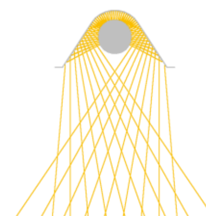
Conductive Heat Transfer
Patented I-Frame provides superior thermal properties. Aluminum conducts heat 5 times more efficiently than steel

Radiant Heat Transfer
Superior, highly emissive black surface optimizes heat transfer

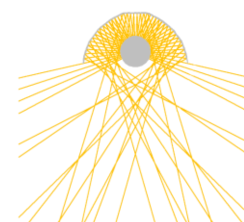
Convective Heat Transfer
Differential temperature drives convective air-flow to cool the ballast

Optical

Patented Reflector Geometry
Numerous application-specific design options that harvest and focus light to create superior zonal cavity effect



Our Patented Reflector Geometry



Competitors' Reflector Geometry

Overall 34 U.S. Patents Issued, 30 Pending

Case Study - Compelling ROI (Lighting Retrofit)

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

Each monthly delay will cost 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%

Case Study - Compelling ROI (Controls & Relamp)

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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
OTA 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 1st 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%

Large Market Opportunity: Integrated System

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Rooftop Surface Area*	85 billion sq. ft.
Compact Modular/InteLite® Units	170 million
Apollo® Solar Light Pipe Units	34 million
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

The Future

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Every 3,022 Orion fixtures = 1 MW of displaced capacity

Orion (500 MW)

Capital Cost:	$500 million
Carbon Impact:	2.6 million tons displaced annually
Time to Build:	< 2 years
Impact to end-users:	$400 million saved annually
Siting:	Load Center

Traditional Coal-Fired Power Plant (500 MW)

Capital Cost:	$2.0 billion
Carbon Impact:	2.6 million tons generated annually
Time to Build:	3-7 years
Impact to end-users:	Higher Electricity Rates
Siting:	Not In My Backyard (NIMBY)

Significant Installed Base of Customers

Kraft Foods: **94 Completed**

OfficeMax: **17 Completed**

Coca-Cola: **347 Completed**

GE: **41 Completed**

Sysco: **101 Completed**

Toyota: **9 Completed**

PepsiCo: **131 Completed**

Anheuser-Busch: **80 Completed**

As of Sept 30, 2010

Integration Partner Locations

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62 Trained Salespeople

As of October 2010

Performance History

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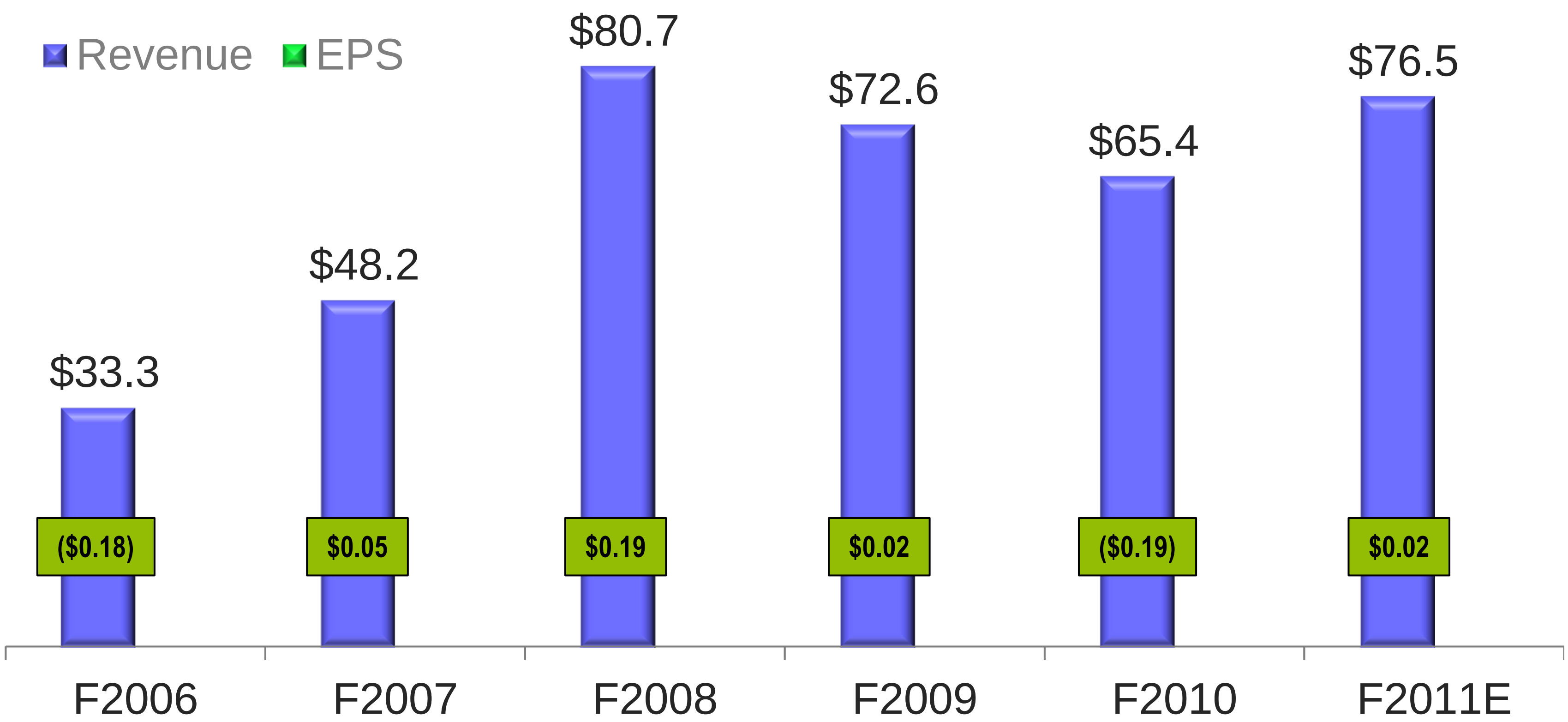
Fiscal Year End March 31

($ in millions)



Note: F2011 figures represent the average of most-recent revenue and EPS estimates published by analysts covering Orion.

Fiscal 2011 YTD Operating Results – GAAP

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($ in Millions)	Six Months F2010	Six Months F2011	Change
Revenue	$27.2	$28.4	4%
Gross Margin %	30.3%	35.9%	560 bp
Operating Expenses	$13.3	$14.0	5%
Operating Loss	$(5.1)	$(3.8)	(25)%
Net Loss	$(4.2)	$(1.2)	(71)%
Loss per Share	$(0.19)	$(0.05)	(74)%

Fiscal 2011 YTD Operating Results – Non GAAP

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($ in Millions)	Six Months F2010	Six Months F2011	Change
Contracted Revenues (1)	$35.8	$48.0	34%
Revenue (2)	$31.2	$36.8	18%
Gross Margin % (3)	30.3%	33.8%	350 bp
Operating Expenses	$13.3	$14.0	5%
Operating Loss	$(3.9)	$(1.6)	(59)%
Net Income (Loss) (4)	$(3.4)	$0.2	NM
Earnings (Loss) per Share	$(0.16)	$0.01	NM

(1) Contracted revenues are a combination of traditional cash orders plus the potential future revenues expected to be realized under OTA and PPA contracts. See Orion's most-recent quarterly earnings press release and/or Form 10-Q report for further discussion on how the company defines contracted revenues.

(2) Includes reported GAAP revenue plus the discounted potential gross future revenue related to OTA and PPA contracted revenues of $4.7 million and $9.4 million for the six months ended September 30, 2009 and 2010, respectively, with the expectation that all renewal periods will be exercised over the term of the contracts. Revenues were discounted using the Company's incremental borrowing interest rate of 7.5%.

(3) The Company discounted the future cost of product revenues to be recognized related to its OTAs and PPAs at the historical gross margin rates related to the individual projects. Gross margin contribution for OTAs was estimated at 30% and gross margin contribution for PPAs was estimated at 15%.

(4) The Company calculated the income tax expense on the contribution margin and income from OTAs and PPAs using its blended incremental effective federal and state tax rate of 38%.

F2011 Outlook

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	Guidance provided by Orion	Range of Analyst Estimates	Consensus Analyst Estimates
Contracted Revenues	$100 to $110 million		
GAAP Revenues	$78 to $84 million	$70 to $79 million	$77 million
Non-GAAP EPS	$0.25 to $0.33		
GAAP EPS	$0.02 to $0.10	$0.01 to $0.02	$0.02

Cash, Debt and Liquidity Position

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($ in Millions)	As of March 31, 2010	As of September 30, 2010
Cash	$23.4	$13.3
Short-term investments	$1.0	$1.0
Total debt	$3.7	$6.1
Revolving credit facility – availability	$15.0	$15.0

Positioned to Harvest Significant Operating Leverage and Sustainable Cash Flow

Operating Leverage

Strategic investments made during downturn

- Lean manufacturing / process improvements – more vertically integrated and cost competitive
- Built world-class technology center – aides in customer acquisition
- Ongoing build out of independent partner network
- New product launches
- ERP / CRM implementation
- Repackaging OTA financing

Free Cash Flow

Increased focus on expanding and sustaining operating/free cash flow

- Expected return to profitability
- Targeted reduction in inventories ($10 million by end of F2011)
- Targeted reductions in COGS and SG&A ($2 million in total)

Current Infrastructure Capable of Handling a Revenue Base of Over $200 Million – with Minimal Capex Investment

Non-GAAP Pro Forma Results

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Management believes that the non-GAAP reconciliation for earnings per share presented above better reflects the financial impact of the Company's increased volume of OTA and PPA contracts in fiscal 2011 and the expectation for increasing OTA and PPA contract volumes in future periods. The Company expenses all SG&A costs as incurred related to the customer sale and administrative costs of OTA and PPA 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 OTA and PPA contracts into the fiscal period where the OTA and PPA contract was executed.

While the forward looking information presented above 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.

Thank You

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Questions & Answers

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