

Orion Energy Systems, Inc.

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ROTH Capital Partners Growth Stock Conference

March 15, 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.

Our Products = Integrated Energy Management System

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Compact Modular™



IntelliLite® Wireless Controls



Apollo® Solar Light Pipe



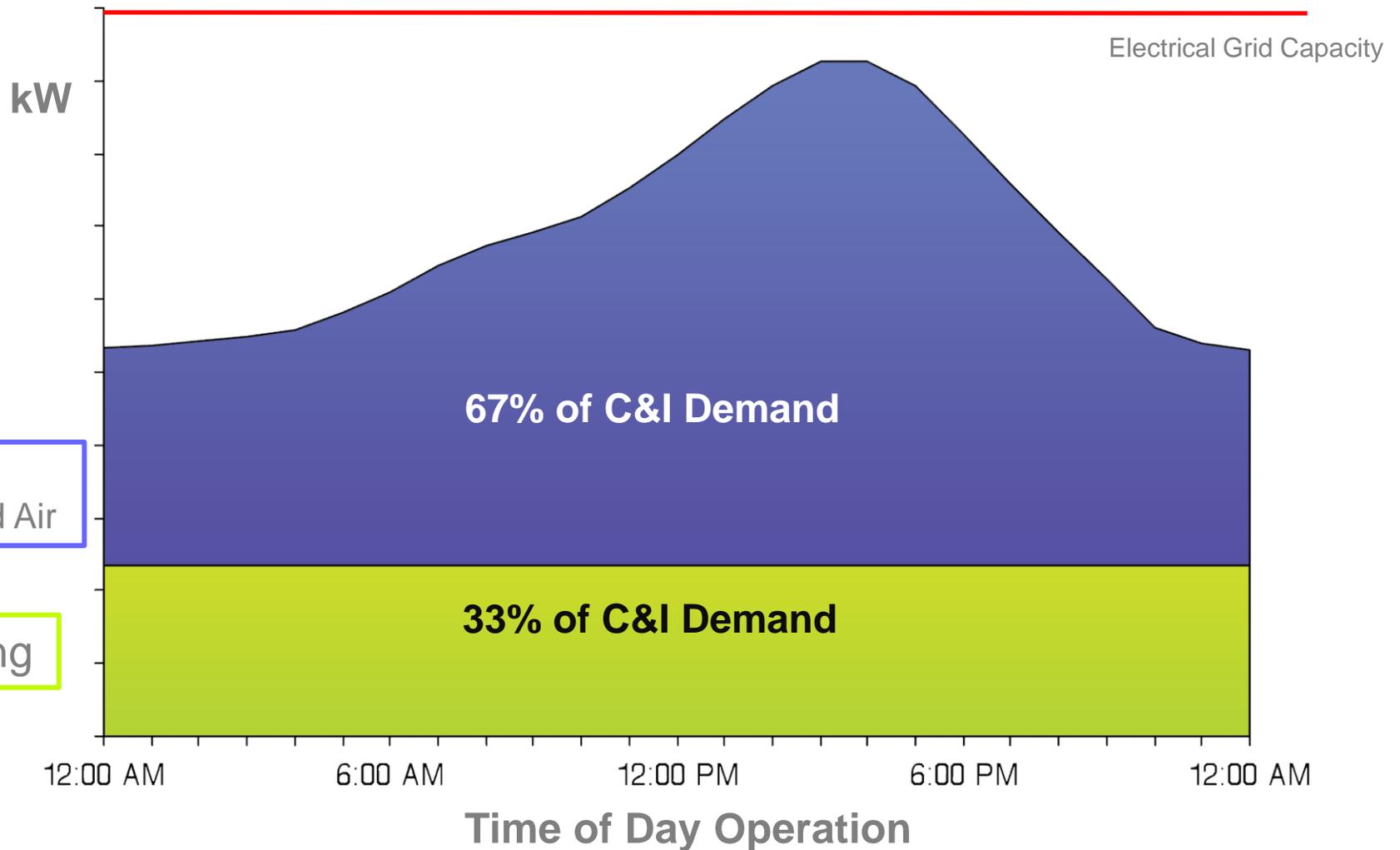
Photovoltaic Solar - Solyndra

Over 50% Reduction in Electricity Costs

Big Picture - Electric System Load Profile



Typical Commercial & Industrial (C&I) Load Profile



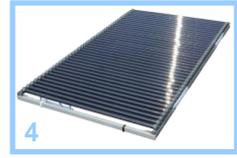
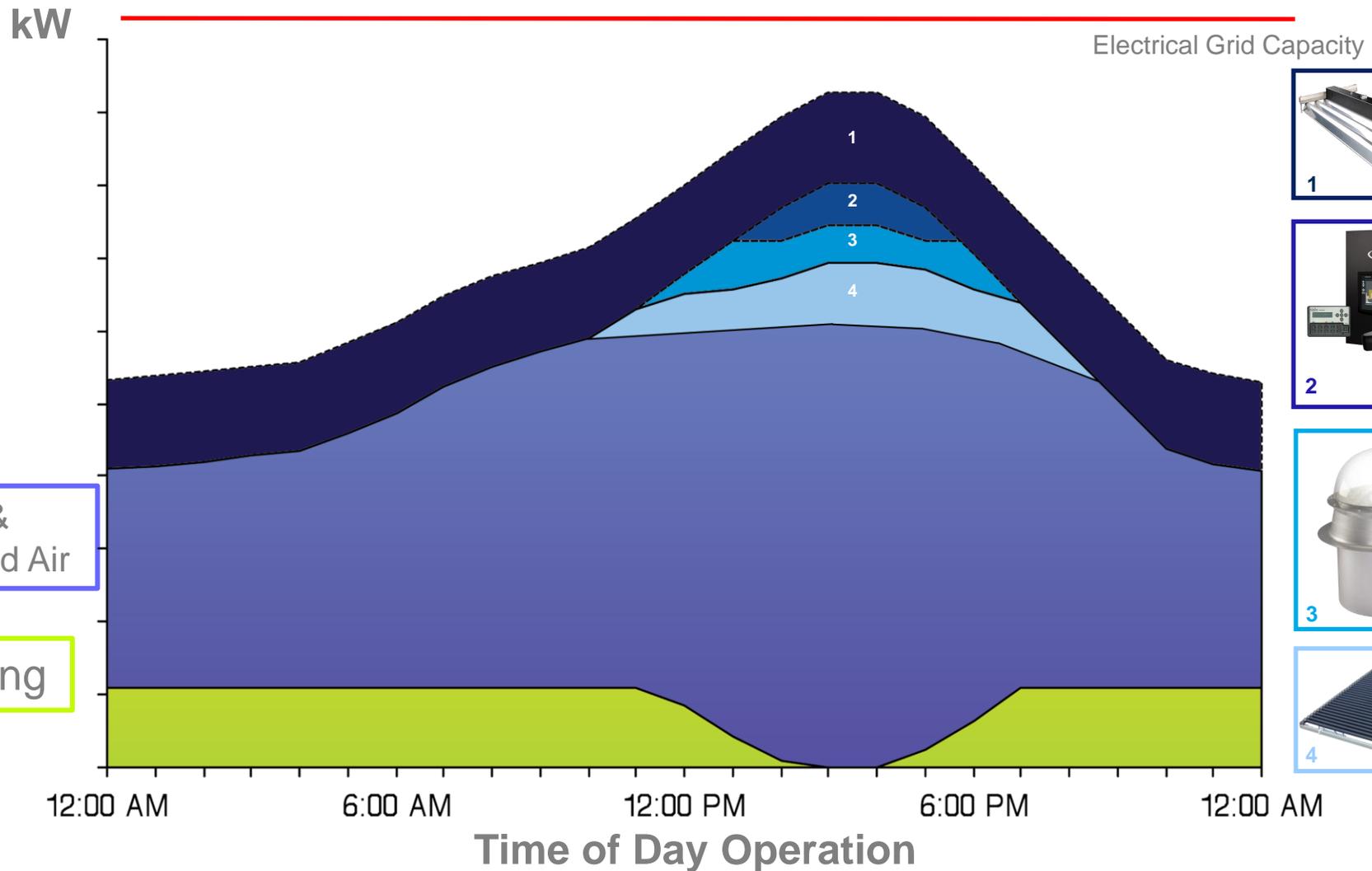
HVAC & Compressed Air

Lighting

For illustration purposes only

Daily Base and Peak Load Reduction: Integrated Energy Management System

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HVAC & Compressed Air

Lighting

For illustration purposes only

Sustainable Product Differentiation

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The Integrated Energy Management System



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



Patented Thermal and Optical Designs

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

Patented Designs Deliver More Light with Less Energy

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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

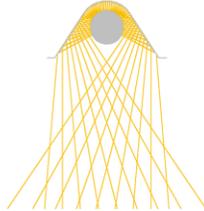
Radiant Heat Transfer
Superior, highly emissive black surface optimizes heat transfer

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

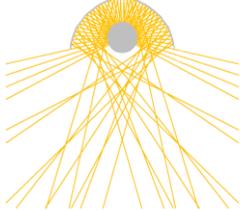


Optical

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 / Recurring Revenue



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)

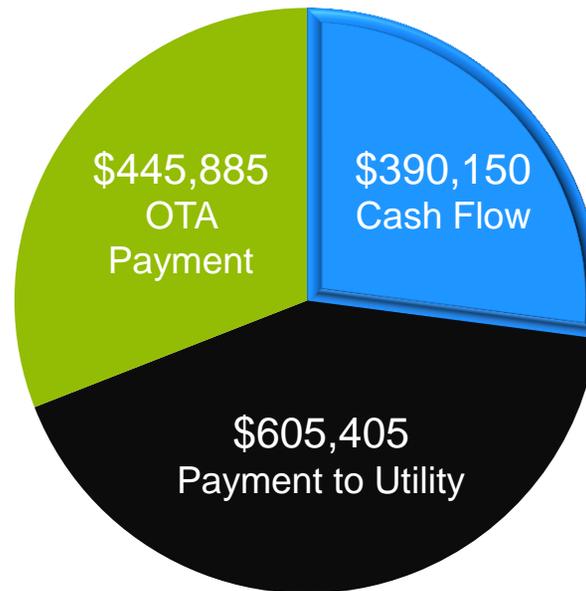
Concept Proposal

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

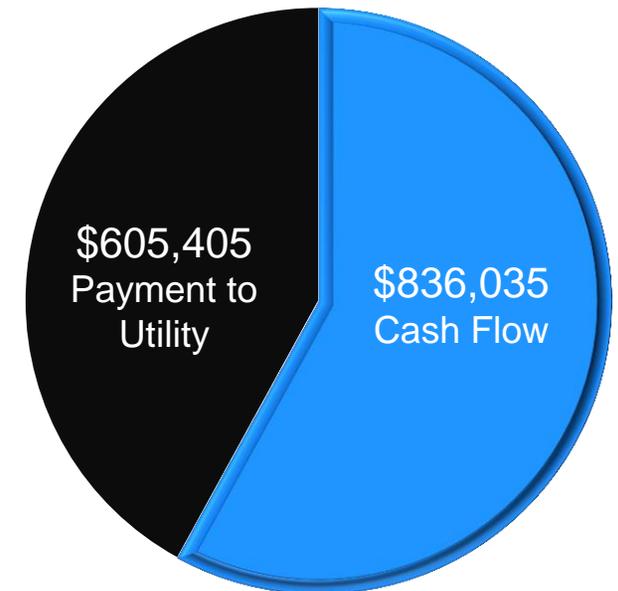
BEFORE



DURING 5-YEAR TERM



AFTER (Year 6 and Beyond)



- ✓ 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**

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 (<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

The Future – Selling to Utilities

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



Orion (500 MW)



Traditional Coal-Fired Power Plant (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

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)

Permanent Distributed Load Reduction - PDLR

Significant Installed Base of Customers

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95 Completed



20 Completed



355 Completed



42 Completed



102 Completed



9 Completed



PEPSICO

145 Completed



85 Completed

Significant Investment in Sales “Pipeline”

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Gross Pipeline > \$300 Million



Gestation Period ~ 1 Year



Closing Ratio ~ 30-35%

Sales & Marketing Costs = 15% of LTM Revenues

Increasing “Feet on the Street”

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Integration Partners – 75 Trained Salespeople



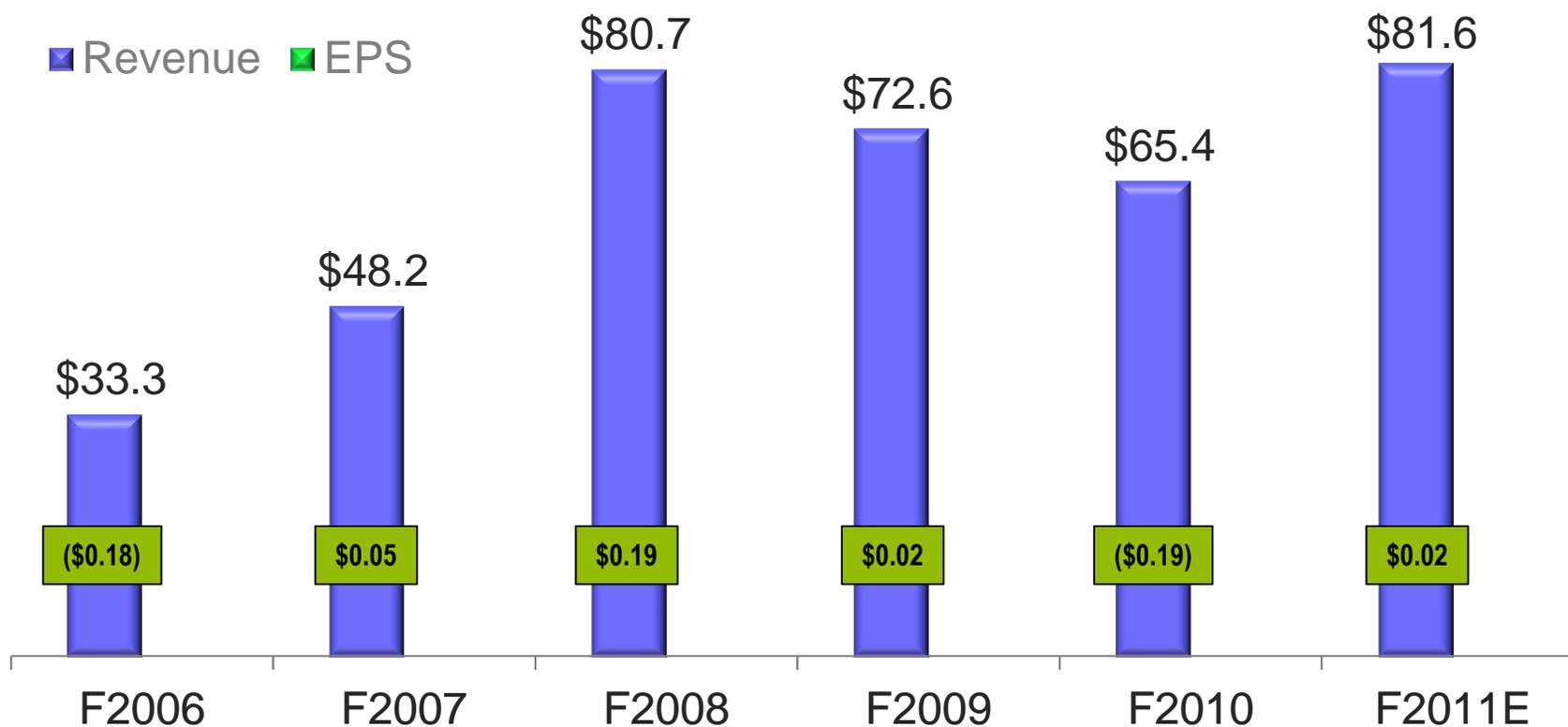
As of January 2011

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 Q3 Operating Results

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(\$ in Millions)	Three Months Dec 2009	Three Months Dec 2010	Change
Contracted Revenues (1)	\$21.4	\$26.7	25%
Revenue (2)	\$19.3	\$29.7	54%
Gross Margin %	36.8%	31.1%	(570) bp
Operating Expenses	\$6.5	\$6.6	1%
Operating Income (2)	\$0.6	\$2.7	350%
Net Income (3)	\$0.8	\$0.6	(25)%
Earnings per Share (3)	\$0.04	\$0.03	(25)%

(1) Contracted revenues, which is a Non-GAAP financial measure, 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) Revenue and Operating Income for Q3 F2011 represented record quarterly amounts.

(3) Net income and Earnings per Share impacted by 44.6% tax benefit rate in Q3 F2010 vs. 74.8% tax expense rate in Q3 F2011.

Fiscal 2011 YTD Operating Results

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(\$ in Millions)	Nine Months F2010	Nine Months F2011	Change
Contracted Revenues (1)	\$57.2	\$74.8	31%
Revenue	\$46.5	\$58.1	25%
Gross Margin %	33.0%	33.4%	40 bp
Operating Expenses	\$19.8	\$20.6	4%
Operating Loss	\$(4.5)	\$(1.1)	NM
Net Loss	\$(3.4)	\$(0.6)	NM
Loss per Share	\$(0.15)	\$(0.03)	NM

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Future Revenue – OTAs and PPAs

(\$ in Millions)	December 31, 2010		
	OTAs	PPAs	
F2011 (remaining)	\$0.7	\$0.1	Sales & Marketing expenses are recognized immediately.
F2012	4.2	0.4	
F2013	4.1	0.4	Revenues are recognized over life of contract.
F2014	3.4	0.5	
After	<u>4.2</u>	<u>1.9</u>	Historically – negative “timing” impact on financial performance.
Total expected future revenue (1)(2)	<u>\$16.6</u>	<u>\$3.3</u>	

Recent Changes to OTAs = More Timely Revenue Recognition

(1) Assumes all renewal periods will be exercised over the term of the OTA and PPA contracts.

(2) Upfront Sales and Marketing (S&M) costs from OTA and PPA contracts are expensed immediately under GAAP. S&M costs expensed under GAAP have been 14.9% of Contracted Revenues on an LTM basis. See the specific slides above for a definition of Contracted Revenues.

F2011 Outlook



Guidance provided by Orion

Range of Analyst Estimates

Consensus
Analyst
Estimates

Contracted Revenues

\$100 to \$110 million

GAAP Revenues

\$78 to \$84 million

\$80 to \$83 million

\$82 million

GAAP EPS

\$0.01 to \$0.03

\$0.01 to \$0.04

\$0.02

Cash, Debt and Liquidity Position

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(\$ in Millions)	As of March 31, 2010	As of December 31, 2010
Cash	\$23.4	\$9.9
Short-term investments	\$1.0	\$1.0
Total debt	\$3.7	\$5.9
Revolving credit facility – availability	\$15.0	\$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 6,500 facilities
- Cross-selling opportunity with less than 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 \$200 Million – with Minimal Capex Investment

Thank You

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Questions & Answers

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