

Orion Energy Systems



Investor Update March 4, 2010

Nasdaq: 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.

Who is Orion Energy Systems ?

- ❑ Orion Energy Systems is a **leading power technology enterprise** that delivers energy management solutions to commercial and industrial customers
- ❑ Our **energy efficient** and **direct renewable technologies** permanently reduce the need to generate, transmit, and distribute electricity



- ❑ Orion's **track record of success** has established Orion as the **energy expert** in the eyes of its customers - setting the stage for future technologies and services for continued energy savings

Orion Results: Guaranteed Energy Savings !

Orion's Integrated Energy Management System



Compact Modular™
(Phase I)



Intelite® Wireless Controls
(Phase II)



Apollo® Solar Light Pipe
(Phase III)

Expanding Product Offering



Exterior Lighting



Direct Renewable Apollo® Solar Light Pipe

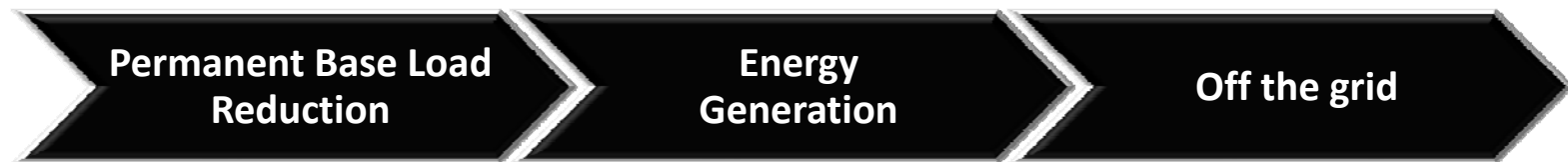


Photovoltaic



Orion's Mission

- ❑ Orion's is committed to taking our customers from inefficient consumers of energy to **completely off the grid**



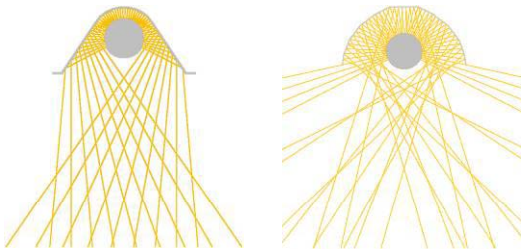
- ❑ Our solutions **reduce energy consumption** and costs without forsaking quality
 - ❑ Integrated solution allows customers to operate more efficiently at a lower cost **without compromise**
- ❑ Create a roadmap for our customers to energy efficiency

Competitive Advantage

- ❑ Energy experts
- ❑ Industry leading technology consistently outperforming the competition
- ❑ Proven track record
- ❑ Multiple sales channels with proven sales methodologies
- ❑ Innovative financing solution – providing flexibility for customers and recurring revenue stream for Orion
- ❑ Vertically integrated operations
- ❑ Thought leadership
 - ❑ integrated indoor lighting systems
 - ❑ exterior lighting
 - ❑ photovoltaic technologies

The Orion Advantage – Thermal & Optical Efficiency

Reflective

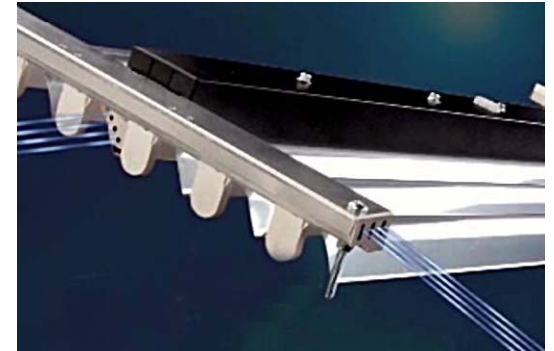


- Super High Bay
- High Bay
- Low Bay
- Economy

Conductive & Radiant



Convective



Modular



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



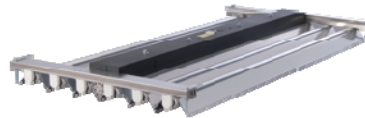
30 - 35 Foot-candles

\$151

operating cost



224 Watts
8,760 hours



50-60 Foot-candles

\$151

operating cost



74 Watts
4,380 hours

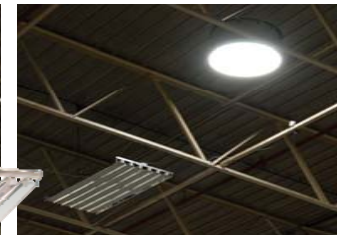


30 Foot-candles

\$75

operating cost

74 Watts
876 hours



30 Foot-candles

\$10

operating cost

Strong ROI

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%

Strong ROI

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%

Large Market Opportunity

U.S. HID Retrofit Market Opportunity

Total C&I Square Feet ¹ (billions)	84.2
HID Square Feet ² (billions)	20.6
Square Feet Covered per Fixture	450
Market Size (Millions of HID Fixtures)	45.7
HID Retrofit Market Size (\$ Billions)	\$9.6

Strong Track Record

Fortune 500 Customers	123
Dollars Saved	\$782,180,015
kW Saved	504,324
kWh Saved	10,158,182,015
Number of Locations	5,374
Sq. Ft. Retrofitted	850,644,319
CO2 Saved (Tons)	6,751,890

Large Installed Customer Base



93 Completed



17 Completed



309 Completed



41 Completed



95 Completed



9 Completed



125 Completed



75 Completed

Multiple Sales Channels Utilized to Drive Growth

Orion's Sales Model Designed To Proactively Drive Market



Direct Sales Force ~60%

- 71 sales professionals as of December 31, 2009
- Direct access to individuals making purchasing decisions
- Proactive in driving market
- Long-standing relationships with large, national clients
- Bundled, turnkey solution across North American facility footprint

Partners ~20%

- Relationships with more than 80 partners
- Exclusive agents of Orion product lines
- VARs trained in Orion's systematized sales process – proactive in driving market
- Margins generally higher due to lower sales and marketing expenses

Contractors ~20%

- Relationships with more than 500 contractors
- Significant increased coverage of the lighting retrofit market
- Contractors typically have significant influence over customer's lighting selection
- Technical expertise
- Margins generally higher due to lower sales and marketing expenses

Elite Partner Example

**New business booked since
October 09**

- 2.7 million square feet

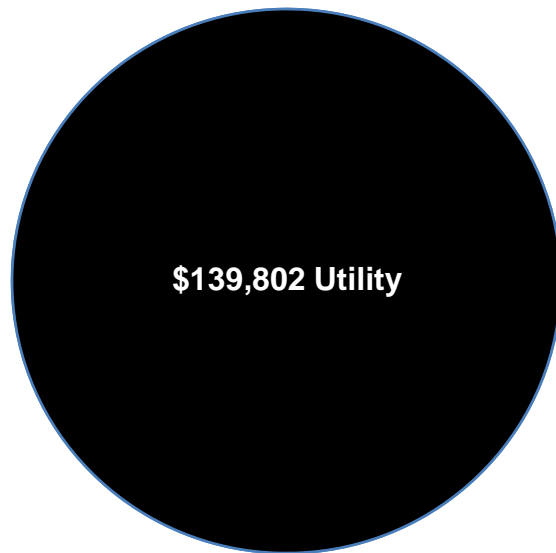
Chicago area market potential

- 1.15 billion square feet of
industrial space



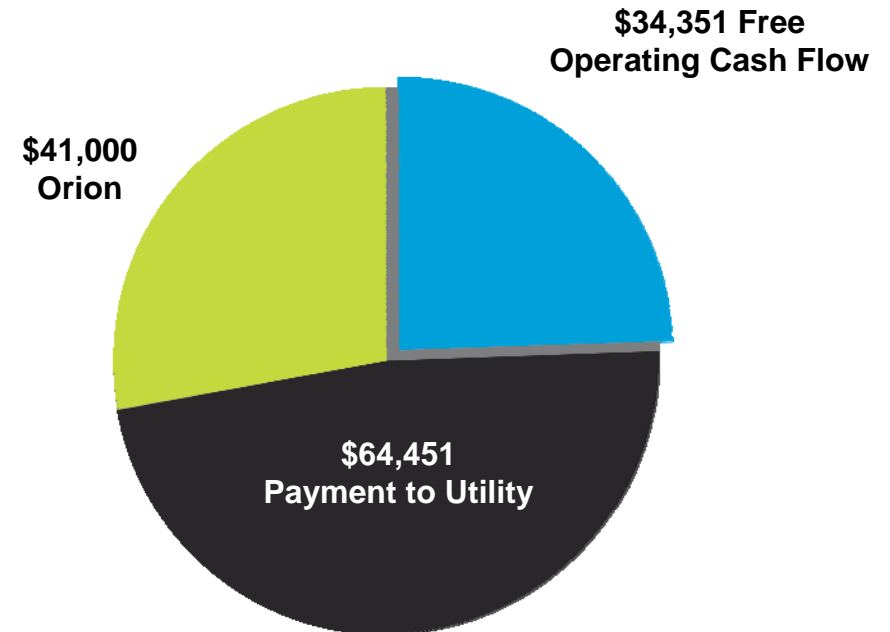
Orion Throughput Agreement

Lighting Electric Payments



Before project Implementation

Existing lighting system is using 2,055,913 kWh of electricity for lighting at \$0.068 per kWh. Annual payment to utility is \$139,802.



After project implementation:

Utility energy purchases:
 $947,804 \text{ kWh} \times \$0.068 \text{ estimated blended kWh rate} = \$64,451$
estimated utility expense.
OTA Supply Contract:
 $1,108,109 \text{ kWh} \times \$0.037 \text{ kWh rate} =$
 $\$41,000$ utility expense
Estimated FREE Cash Flow:
 $\$34,351$

Treated as an operating expense, the Orion Throughput Agreement allows customers to benefit from guaranteed energy savings with no upfront investment or capital investment

Vertically Integrated Manufacturing



**In House
Engineering**



**Integrated
Robotics**



Short Lead Times



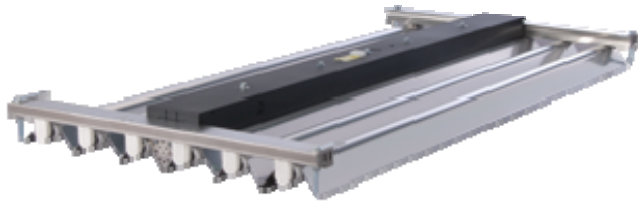
**Technology
Demonstration**



Orion's vertically integrated 266,000 ft² manufacturing plant allows Orion to "go-to-market" faster with typical lead times of less than two weeks.

The Future

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



Orion (500 MW)

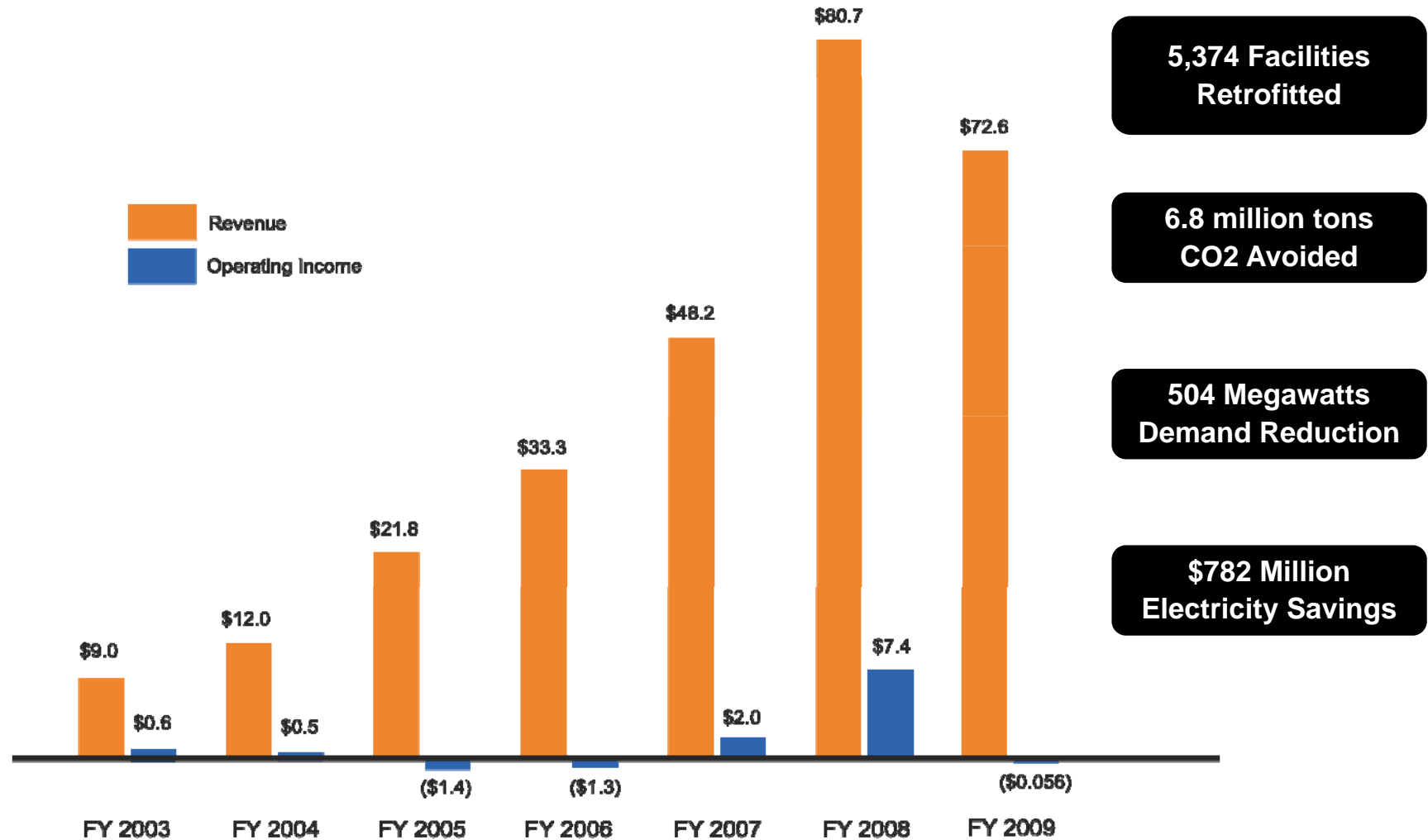
Capital Cost:	\$500 million
Carbon Impact:	3.45 million tons displaced annually
Time to Build:	< 2 years
Impact to end-users:	\$289 million saved annually
Siting:	Load Center



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)

Strong History of Revenue Growth & Profits



Fiscal 2010 – Sequential Growth

Statement of Operations – Fiscal 2010 Quarterly Results

(\$ in Millions)	As of June 30, 2009	As of September 30, 2009	As of December 31, 2009
Revenue	\$12.6	\$14.6	\$19.3
Gross Margin %	27.7%	32.6%	36.8%
Operating Expenses	\$6.7	\$6.6	\$6.5
Operating Income (Loss)	\$(3.2)	\$(1.8)	\$0.6
Net Income (Loss)	\$(2.8)	\$(1.4)	\$0.8
Earnings Per Share	\$(0.13)	\$(0.06)	\$0.04

Balance Sheet

Strong Cash / Low-Debt Position

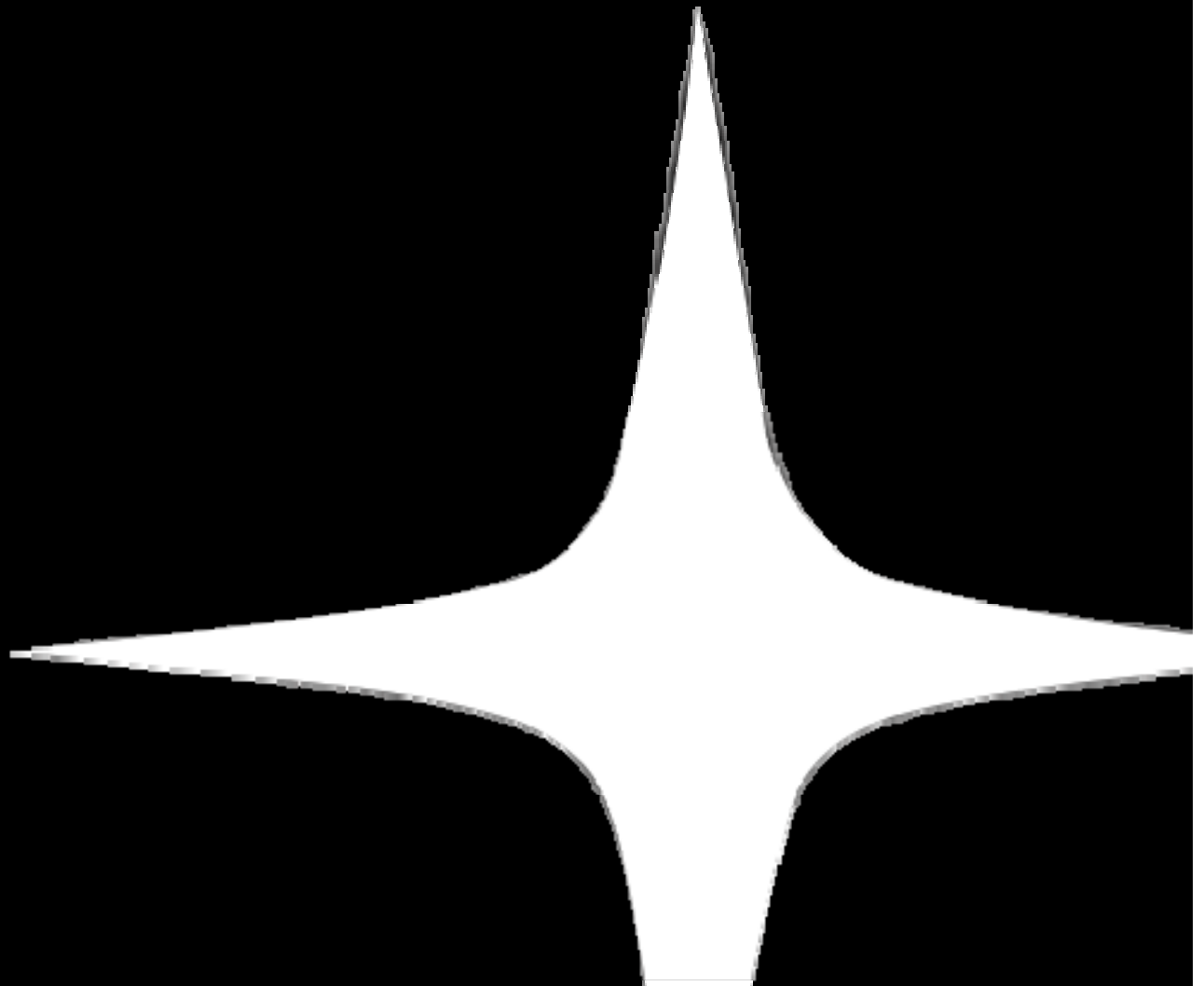
(\$ in Millions)

**As of
March 31, 2009**

**As of
December 31, 2009**

Cash	\$36.2	\$31.9
Short-term investments	\$6.5	\$1.0
Inventory	\$20.2	\$24.5
PP&E (net)	\$23.0	\$30.7
Total Debt	\$4.4	\$4.0
Shareholders' Equity	\$88.7	\$87.1

Thank You



Coca-Cola Plant – Macon, GA



MillerCoors Phase 1 Retrofit

Energy & Financial Impacts

Annual Energy Savings	\$135,158
Annual Displaced Energy	3,556,813 kWh
Displaced Capacity	438 kW

Annual Environmental Equivalents

CO2 Reduction	3,468 tons
SO2 Reduction	15 tons
NOx Reduction	7 tons
Mercury Reduction	60 grams



MillerCoors Phase 2 Controls



	<u>HID</u>	<u>Orion CM6</u>
Watts Consumed	465	221
Electric Rate	\$0.07	\$0.07
Annual Hours of Operation	8760	4420
Annual Operating Cost (15 fixtures)	\$4,277	\$661

MillerCoors Phase 3 Integrated System



**High Pressure Sodium
465 Watts**



**Compact Modular
221 Watts**



**Solar Light Pipe
0 Watts**