

## **Orion Energy Systems launches patent-pending negawatt energy supply contract -- designed to save customers money during tough economic times**

*Orion's negawatt supply contract guarantees cost savings and cash flow with no upfront investment or capital outlay*

**MANITOWOC, Wis. — Oct. 14, 2008** —Orion Energy Systems Inc. (Nasdaq: OESX) announced today the launch of the Orion Virtual Power Plant™ negawatt energy supply contract. This innovative structure allows Orion's customers to benefit from guaranteed energy savings, delivered by Orion's energy management technologies, with no up-front costs or capital investment.

The term negawatt is used to describe the electricity that is not generated and not consumed as a result of Orion's energy efficient upgrades. Under the Orion Virtual Power Plant™ supply contract, customers purchase these negawatts – essentially negative output – at a fixed rate that is lower than their existing utility rate. The fixed rate payment for the negawatts is used to pay for the implementation of Orion's energy saving technology. Given that the fixed rate for the negawatts is substantially less than current utility rates, companies are left with free cash flow even after making the payments to deploy the technology. Companies benefit from cost savings and also from significant improvements in working environments delivered by Orion's technology.

The Orion Virtual Power Plant™ supply contract is structured so that it qualifies as an operating expense on customers' financial statements. Under the structure, companies purchase negawatts at a fixed rate. Orion remains responsible for the deployed assets during the delivery period, thereby removing any technological risk to the company. After the pre-determined negawatts are delivered, customers assume full ownership of the technology and benefit from the entire amount of the negawatts delivered across the technology's remaining useful life.

Given the innovative structure of The Orion Virtual Power Plant™, Orion is collaborating with Foley & Lardner LLP ("Foley"), one of the nation's leading intellectual property law firms, to secure patents on the business method. "We have worked with Orion to take the appropriate steps to obtain patent protection for its methodology and believe that sound basis exists for these patents to be filed," commented Paul Hunter, a partner with Foley who has extensive experience with patents in "clean" technologies, financial systems and business methods.

"The Orion Virtual Power Plant™ further demonstrates Orion's thought leadership in providing workable solutions to help our customers reduce their energy usage," said Erik Birkerts, Orion's Chief Operating Officer. "This methodology will help companies save

money in these uncertain times, allowing scarce capital dollars to be allocated towards investments in their core businesses. Moreover, customers will reduce their carbon footprints as well as benefit from significant improvements in work environments.”

Companies using Orion’s products are an integral part of helping local utilities displace power capacity and reduce strain on the electric grid. Orion has deployed its energy management systems in over 3,762 facilities across North America. Since 2001, Orion technology has displaced more than 357 megawatts, saving customers more than \$401 million and reducing indirect carbon dioxide emissions by 3.6 million tons.

***Orion Energy Systems Inc. (Nasdaq: OESX)*** is a leading power technology enterprise that designs, manufactures and implements energy management systems, consisting primarily of high-performance, energy-efficient lighting systems, controls and related services for commercial and industrial customers without compromising their quantity or quality of light. For more information, visit [www.oriones.com](http://www.oriones.com).

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