UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 2, 2011

ORION ENERGY SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	01-33887	39-1847269
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2210 Woodland Drive, Manitowoc, Wisconsin
(Address of principal executive offices, including zip code)

(920) 892-9340
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. **Results of Operations and Financial Condition.**

On November 2, 2011, Orion Energy Systems, Inc. (the "Company") issued a press release announcing its quarterly financial results for its fiscal 2012 second quarter ended September 30, 2011. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. Also furnished as Exhibit 99.2 is certain supplemental financial information posted on the Company's website at www.oesx.com.

Item 8.01. **Other Events.**

On November 2, 2011, the Company issued a press release announcing that its Board of Directors has approved a share repurchase program, authorizing the Company to repurchase in the aggregate up to $1,000,000 of its outstanding common stock. A copy of the press release is attached hereto as Exhibit 99.3 and is incorporated into this Item 8.01 by reference.

Item 9.01 **Financial Statements and Exhibits.**

(d):

Exhibit 99.1	Press Release of Orion Energy Systems, Inc., dated November 2, 2011, regarding quarterly financial results for its fiscal 2012 second quarter ended September 30, 2011.
Exhibit 99.2	Supplemental Financial Information.
Exhibit 99.3	Press Release of Orion Energy Systems, Inc., dated November 2, 2011, regarding the share repurchase program.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ORION ENERGY SYSTEMS, INC.

Date: November 2, 2011

By: /s/ NEAL R. VERFUERTH

Neal R. Verfuerth
Chief Executive Officer

Orion Energy Systems, Inc. Announces Fiscal 2012 Second Quarter Results; Reaffirms Fiscal 2012 Guidance

Record backlog heading into back half of fiscal year

MANITOWOC, Wis. —November 2, 2011 (BUSINESS WIRE) Orion Energy Systems, Inc. (NYSE Amex: OESX), a leading power technology enterprise, announced today its financial results for its fiscal 2012 second quarter and fiscal year-to-date period ended September 30, 2011.

<u>Second Quarter of Fiscal 2012</u>

For the second quarter of fiscal 2012, Orion reported revenues of $19.3 million, a 21% increase compared to $15.9 million for the second quarter of fiscal 2011.

Total backlog at the end of the second quarter of fiscal 2012 was a record $23.6 million compared to $13.7 million at the end of the fiscal 2011 second quarter and $11.6 million at the end of the first quarter of fiscal 2012.

For the second quarter of fiscal 2012, the Company reported a net loss of $(0.1) million, or $(0.00) per share. For the second quarter of fiscal 2011, the Company's net income was $0.5 million, or $0.02 per share.

<u>First Half of Fiscal 2012</u>

For the first six months of fiscal 2012, revenues were $42.0 million, a 28% increase compared to $32.8 million for the same period in fiscal 2011.

For the first six months of fiscal 2012, the Company reported a net loss of $(0.3 million), or $(0.01) per share, compared to break-even, or $0.00 per share for the same period of fiscal 2011.

Key Business Highlights

During the second quarter of fiscal 2012:

- Orion increased the number of facilities retrofitted with its Compact Modular high-intensity fluorescent lighting technology to 7,368 as of the end of the fiscal 2012 second quarter (compared to 7,097 as of the end of the first quarter of fiscal 2012), representing 1.1 billion square feet of installed facilities.
- Total deployments of the Company's InteLite® wireless controls increased to 681 customer locations, consisting of 86,329 dynamic control devices (or transceivers) and 592 control panels (compared to 78,564 transceivers and 580 control panels as of the end of the first quarter of fiscal 2012). The deployments represent 38.8 million square feet of installed facilities as of the end of the second quarter of fiscal 2012 (compared to 35.4 million square feet as of the end of the first quarter of fiscal 2012).

- Total Apollo® solar light pipes installed increased to 14,021 total units (compared to 12,602 total units as of the end of the first quarter 2012), representing 6.3 million square feet of installed facilities as of the end of the second quarter of fiscal 2012 (compared to 5.7 million square feet of installed facilities as of the end of the first quarter of fiscal 2012).
- In September 2011, Orion completed a $10.0 million Orion Throughput Agreement (OTA) credit facility with J.P. Morgan Chase NA to further support its growing OTA volume. The new OTA facility provided $5.0 million of immediate available funding ($1.8 million of which was immediately utilized) and the potential for an additional $5.0 million of funding upon the achievement of certain financial conditions. The completed debt agreement represents the fourth individual tranche of funding secured for financing OTA contracts during the past 12 months. The Company now has multiple sources to finance its OTA contracts.

Neal Verfuerth, Chief Executive Officer of Orion commented, “We are pleased to report a strong first half, with double-digit revenue growth versus our prior year first half, while improving operating margins as well. Our record backlog heading into the back half of fiscal 2012 along with current strong customer orders provides us good visibility while further validating our 2012 guidance.”

Fiscal 2012 Outlook

For fiscal 2012, the Company reaffirms its previously provided annual revenue and earnings per share guidance. The Company continues to expect revenue to be between $112 million and $118 million and its fiscal 2012 earnings per share to be between $0.18 and $0.22 per diluted share.

The Company currently expects the forecasted ranges for other key financial-statement line items and metrics for fiscal 2012 to be as follows:

- Gross margin – 33.2% to 35.2%
- Operating margin – 7.0% to 8.0%
- Effective tax rate – approximately 40.0%
- Diluted share count – 23.9 to 24.7 million
- Capital spending (excluding OTA contract financing) - $3.0 to $3.4 million
- Depreciation and amortization - $3.6 to $4.0 million
- Stock-based compensation expense - $1.7 to $2.1 million

The above guidance is based on the Company’s current expectations. These statements are forward-looking and actual results may differ materially. The Company assumes no obligation to publicly update or revise its outlook. Investors are reminded that actual results may differ, and may differ materially, from these estimates for the reasons described below under the caption “Safe Harbor Statement” and in the Company’s filings with the Securities and Exchange Commission.

Cash, Debt and Liquidity Position

Orion had $15.6 million in cash and cash equivalents and $1.0 million in short-term investments as of September 30, 2011, compared to $11.6 million and $1.0 million, respectively, as of March 31, 2011. Total short and long-term debt was $9.3 million as of September 30, 2011, compared to $5.4 million as of March 31, 2011. There were no borrowings outstanding under the Company's revolving credit facility as of September 30, 2011, which has an availability of $13.3 million.

Supplemental Information

In conjunction with this press release, Orion has posted supplemental information on its website which further discusses the financial performance of the Company for the three and six months ended September 30, 2011. The purpose of the supplemental information is to provide further discussion and analysis of the Company's financial results for the second quarter and year-to-date of fiscal year 2012. The supplemental information can be found in the Investor Relations section of Orion's Web site at http://investor.oriones.com/events.cfm.

Conference Call

Orion will host a conference call on Wednesday, November 2, 2011 at 5:00 p.m. Eastern (4:00 p.m. Central/2:00 p.m. Pacific) to discuss details regarding its fiscal 2012 second quarter performance. Domestic callers may access the earnings conference call by dialing 877-754-5294 (international callers, dial 678-894-3013). Investors and other interested parties may also go to the Investor Relations section of Orion's Web site at http://investor.oriones.com/events.cfm for a live webcast of the conference call. To ensure a timely connection, it is recommended that users register at least 15 minutes prior to the webcast.

About Orion Energy Systems

Orion Energy Systems, Inc. (NYSE Amex: OESX) is a leading power technology enterprise that designs, manufactures and deploys energy management systems – consisting primarily of high-performance, energy efficient lighting platforms, intelligent wireless control systems and direct renewable solar technology for commercial and industrial customers – without compromising their quantity or quality of light. Since December 2001, Orion's technology has benefitted its customers and the environment by reducing its customers:

- Energy demand by 678,531 kilowatts, or 18.0 billion kilowatt-hours;
- Energy costs by approximately $1.4 billion; and
- Indirect carbon dioxide emission by 11.7 million tons.

Safe Harbor Statement

Certain matters discussed in this press release are “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may generally be identified as such because the context of such statements will include words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or words of similar import. Similarly, statements that describe the Company’s financial guidance or future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause results to differ materially from those expected, including, but not limited to, the following: (i) deterioration of market conditions, including customer capital expenditure budgets; (ii) our ability to compete and execute our growth strategy in a highly competitive market and our ability to respond successfully to market competition; (iii) increasing duration of customer sales cycles; (iv) the market acceptance of our products and services, including increasing customer preference to purchase our products through our Orion Throughput Agreements, or OTAs, rather than through cash purchases; (v) our ability to effectively manage the credit risk associated with our increasing reliance on OTA contracts; (vi) price fluctuations, shortages or interruptions of component supplies and raw materials used to manufacture our products; (vii) loss of one or more key employees, customers or suppliers, including key contacts at such customers; (viii) our ability to effectively manage our product inventory to provide our products to customers on a timely basis; (ix) the increasing relative volume of our product sales through our wholesale channel; (x) a reduction in the price of electricity; (xi) the cost to comply with, and the effects of, any current and future government regulations, laws and policies; (xii) increased competition from government subsidies and utility incentive programs; (xiii) dependence on customers’ capital budgets for sales of products and services; (xiv) our development of, and participation in, new product and technology offerings or applications; the availability of additional debt financing and/or equity capital; (xv) legal proceedings; and (xvi) potential warranty claims. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this press release and Orion undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at http://www.sec.gov or at http://www.oesx.com in the Investor Relations section of our Web site.

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2011	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Product revenue	$ 15,086	$ 18,718	$ 30,844	$ 40,397
Service revenue	767	542	1,986	1,637
Total revenue	15,853	19,260	32,830	42,034
Cost of product revenue	9,745	12,059	20,053	27,063
Cost of service revenue	498	382	1,415	1,116
Total cost of revenue	10,243	12,441	21,468	28,179
Gross profit	5,610	6,819	11,362	13,855
Operating expenses:				
General and administrative	2,988	2,724	5,933	5,800
Sales and marketing	3,299	3,736	6,889	7,504
Research and development	573	593	1,183	1,215
Total operating expenses	6,860	7,053	14,005	14,519
Loss from operations	(1,250)	(234)	(2,643)	(664)
Other income (expense):				
Interest expense	(55)	(150)	(124)	(237)
Dividend and interest income	153	214	246	368
Total other income (expense)	98	64	122	131
Loss before income tax	(1,152)	(170)	(2,521)	(533)
Income tax expense (benefit)	(1,692)	(71)	(2,525)	(215
Net income (loss)	$ 540	$ (99)	$ 4	$ (318)
Basic net income (loss) per share	$ 0.02	$ 0.00	$ 0.00	$ (0.01)
Weighted-average common shares outstanding	22,638,638	22,989,502	22,581,188	22,955,655
Diluted net income (loss) per share	$ 0.02	$ 0.00	$ 0.00	$ (0.01)
Weighted-average common shares outstanding	22,901,590	22,989,502	23,007,067	22,955,655

The following amounts of stock-based compensation were recorded (in thousands):

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2011	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Cost of product revenue	$ 38	$ 35	$ 74	$ 77
General and administrative	173	140	271	296
Sales and marketing	145	124	254	272
Research and development	7	7	12	12
Total	$ 363	$ 306	$ 611	$ 657

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31, 2011	September 30, 2011
Assets		
Cash and cash equivalents	$ 11,560	$ 15,559
Short-term investments	1,011	1,014
Accounts receivable, net of allowances of $436 and $485	27,618	21,637
Inventories, net	29,507	32,844
Deferred tax assets	947	1,268
Prepaid expenses and other current assets	2,499	4,052
Total current assets	73,142	76,374
Property and equipment, net	30,017	30,233
Patents and licenses, net	1,620	1,677
Long-term accounts receivable	6,030	7,948
Deferred tax assets	2,112	2,358
Other long-term assets	2,069	1,984
Total assets	$ 114,990	$ 120,574
Liabilities and Shareholders' Equity		
Accounts payable	$ 12,479	$ 10,384
Accrued expenses and other	2,324	2,683
Deferred revenue, current	262	3,077
Current maturities of long-term debt	1,137	2,351
Total current liabilities	16,202	18,495
Long-term debt, less current maturities	4,225	6,930
Deferred revenue, long-term	1,777	1,583
Other long-term liabilities	399	400
Total liabilities	22,603	27,408
Additional paid-in capital	124,805	126,002
Treasury stock	(31,708)	(31,757)
Shareholder notes receivable	(193)	(244)
Accumulated deficit	(517)	(835)
Total shareholders' equity	92,387	93,166
Total liabilities and shareholders' equity	$ 114,990	$ 120,574

ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Operating activities		
Net income (loss)	$ 4	$ (318)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	1,543	1,876
Stock-based compensation expense	611	657
Deferred income tax benefit	(1,374)	(567)
Change in allowance for notes and accounts receivable	64	49
Other	34	37
Changes in operating assets and liabilities:		
Accounts receivable, current and long-term	2,546	4,014
Inventories	(7,715)	(3,337)
Prepaid expenses and other assets	(6,454)	(1,373)
Deferred revenue, current and long-term	991	2,621
Accounts payable	1,474	(2,095)
Accrued expenses and other liabilities	(357)	360
Net cash (used in) provided by operating activities	(8,633)	1,924
Investing activities		
Purchase of property and equipment	(1,957)	(2,003)
Purchase of property and equipment leased to customers under operating leases	(1,630)	(3)
Purchase of short-term investments	(7)	(3)
Additions to patents and licenses	(110)	(125)
Long-term assets	(330)	—
Proceeds from sales of property, plant and equipment	1	1
Net cash used in investing activities	(4,033)	(2,133)
Financing activities		
Payment of long-term debt	(271)	(664)
Proceeds from long-term debt	2,689	4,583
Proceeds from repayment of shareholder notes	—	13
Excess tax benefits from stock-based compensation	—	271
Deferred financing costs and offering costs	(61)	(113)
Proceeds from issuance of common stock	269	118
Net cash provided by financing activities	2,626	4,208
Net (decrease) increase in cash and cash equivalents	(10,040)	3,999
Cash and cash equivalents at beginning of period	23,364	11,560
Cash and cash equivalents at end of period	$ 13,324	$ 15,559

Investor Relations Contact

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Orion Energy Systems, Inc
Supplemental Information
Fiscal 2012 Second Quarter and Six Months Ended September 30, 2011
November 2, 2011

On November 2, 2011, Orion Energy Systems, Inc. issued a press release announcing financial results for our fiscal 2012 second quarter and six-month period ended September 30, 2011. The purpose of the supplemental information included below is to provide further discussion and analysis of our financial results for the second quarter and six months ended September 30, 2011. Therefore, the accompanying information provided below should be read in conjunction with our press release.

Statement of Operations

Revenue. Product revenue increased from $15.1 million for the fiscal 2011 second quarter to $18.7 million for the fiscal 2012 second quarter, an increase of $3.6 million, or 24%. The increase in product revenue was a result of increased sales of our high intensity fluorescent, or HIF, lighting systems and renewable energy systems. Service revenue decreased from $0.8 million for the fiscal 2011 second quarter to $0.5 million for the fiscal 2012 second quarter, a decrease of $0.3 million or 38%. The decrease in service revenues was a result of the continued percentage increase of our total revenues generated by our wholesale channels, where our services are not provided. Total revenue from renewable energy systems was $2.0 million for the fiscal 2012 second quarter compared to none for the fiscal 2011 second quarter. Product revenue increased from $30.8 million for the fiscal 2011 first half to $40.4 million for the fiscal 2012 first half, an increase of $9.6 million, or 31%. Total revenue from renewable energy systems was $7.4 million for the fiscal 2012 first half compared to $0.4 million for the fiscal 2011 first half, an increase of $7.0 million, or 1,750%.

Backlog. Total cash order backlog as of September 30, 2011 was $23.6 million, which included $16.5 million of solar photovoltaic, or PV, orders, compared to a backlog of $11.6 million as of June 30, 2011, which included $4.2 million of solar PV orders. We generally expect our non-solar backlog to be recognized as revenue in the third quarter of fiscal 2012, with the portion of backlog relating to our solar PV orders expected to be recognized during the second half of fiscal 2012. The roll-forward of cash backlog from June 30, 2011 to September 30, 2011 is as follows (in millions):

Backlog – June 30, 2011	$ 11.6
Q2 – Plus: Cash orders and OTA contracts at net present value of future cash flows	30.5
Q2 – Less: Revenue recognized in first half	(19.2)
Q2 – Plus: Portion of revenue recognized from PPAs in first half	0.2
Q2 – Less: Other miscellaneous	0.5
Backlog – September 30, 2011	$ 23.6

Cost of Revenue and Gross Margin. Our cost of product revenue increased from $9.7 million for the fiscal 2011 second quarter to $12.1 million for the fiscal 2012 second quarter, an increase of $2.4 million, or 25%. Our cost of service revenue decreased from $0.5 million for the fiscal 2011 second quarter to $0.4 million for the fiscal 2012 second quarter, a decrease of $0.1 million, or 20%. Total gross margin was 35.4% for the fiscal 2011 second quarter and fiscal 2012 second quarters, respectively. Total cost of product revenue increased from $20.1 million for the fiscal 2011 first half to $27.1 million for the fiscal 2012 first half, an increase of $7.0 million, or 35%. Total gross margin decreased from 34.6% for the fiscal 2011 first half to 33.0% for the fiscal 2012 first half. For the fiscal 2012 first half, our gross margin declined due to a higher mix of renewable product and service revenues from our Orion Engineered Systems division. Our gross margin on renewable revenues was 14.7% during the fiscal 2012 first half. Gross margin from our HIF integrated systems revenue for the fiscal 2012 first half was 36.9%.

General and Administrative Expenses. Our general and administrative expenses decreased from $3.0 million for the fiscal 2011 second quarter to $2.7 million for the fiscal 2012 second quarter, a decrease of $0.3 million, or 10%. Our general and administrative expenses decreased from $5.9 million for the fiscal 2011 first half to $5.8 million for the fiscal 2012 first half, a decrease of $0.1 million, or 2%. The decrease was a result of reduced headcounts in management and information technologies offset by increased expenses for depreciation and software license costs for our new enterprise resource planning, or ERP, system.

Sales and Marketing Expenses. Our sales and marketing expenses increased from $3.3 million for the fiscal 2011 second quarter to $3.7 million for the fiscal 2012 second quarter, an increase of $0.4 million, or 12%. Our sales and marketing expenses increased from $6.9 million for the fiscal 2011 first half to $7.5 million for the fiscal 2012 first half, an increase of $0.6 million, or 9%. The increase was a result of increased costs for headcount additions in our newly formed telemarketing department, higher commission expense on our increased revenue and increased depreciation for our new customer relationship management, or CRM, system.

Total sales and marketing employee headcount was 79 and 93 at September 30, 2010 and September 30, 2011, respectively.

Research and Development Expenses. Our research and development (R&D) expenses of $0.6 million for the fiscal 2012 second quarter were similar to our R&D expenses for our fiscal 2011 second quarter. Expenses incurred in the fiscal 2012 first half related to compensation costs for the development and support of our new products, depreciation expenses for lab and research equipment and sample, and testing costs related to our dynamic control devices and our light emitting diode, or LED, product initiatives.

Interest Expense. Our interest expense increased from $55,000 for the fiscal 2011 second quarter to $150,000 for the fiscal 2012 second quarter, an increase of $95,000, or 173%. Our interest expense increased from $0.1 million for the fiscal 2011 first half to $0.2 million for the fiscal 2012 first half, an increase of $0.1 million or 100%. The increase in our interest expense was due to additional financings completed during the second half of fiscal 2011 and the first half of fiscal 2012 for the purpose of financing our OTA projects.

Interest Income. Interest income increased from $153,000 for the fiscal 2011 second quarter to $214,000 for the fiscal 2012 second quarter, an increase of $61,000 or 40%. Interest income increased from $0.2 million for the fiscal 2011 first half to $0.4 million for the fiscal 2012 first half, an increase of $0.2 million, or 100%. Interest income increased due to an increase in the number and dollar amount of completed OTA contracts and the related interest income under the financing terms.

Income Taxes. Our income tax benefit decreased from a benefit of $1.7 million for the fiscal 2011 second quarter to an income tax benefit of $0.1 million for the fiscal 2012 second quarter, a decrease of $1.6 million, or 94%. Our income tax benefit decreased from a benefit of $2.5 million for the fiscal 2011 first half to an income tax benefit of $0.2 million for the fiscal 2012 first half, a decrease of $2.3 million, or 92%. Our effective income tax rate for the fiscal 2011 first half was 100.2%, compared to 40.3% for the fiscal 2012 first half. The change in effective rate was due to the conversion of our incentive stock options, or ISOs, to non-qualified stock options, or NQSOs, completed during the fourth quarter of fiscal 2011, a decrease from the prior year for non-deductible expenses and an increase in fiscal 2011 for the state valuation reserve. The conversion of our ISOs to NQSOs eliminated the volatility in our effective tax rates at lower pre-tax earnings levels and should result in an effective tax rate in the 40% range for future periods.

Statement of Cash Flows

Cash Flows Related to Operating Activities. Cash used in operating activities primarily consists of net income (loss) adjusted for certain non-cash items, including depreciation and amortization, stock-based compensation expenses, income taxes and the effect of changes in working capital and other activities.

Cash provided by operating activities for the fiscal 2012 first half was $1.9 million and consisted of net cash provided from changes in operating assets and liabilities of $0.2 million and a net loss adjusted for non-cash expense items of $1.7 million. Cash provided by changes in operating assets and liabilities consisted of a decrease of $4.0 million in total accounts receivable due to customer payments received during the quarter and a $2.6 million increase in deferred revenue due to customer deposit payments received. Cash used from changes in operating assets and liabilities included a $3.3 million increase in inventory for purchases of solar panel inventory and increases in our work-in-process and lighting fixture inventories for orders that are expected to ship during the fiscal 2012 third quarter, a $1.4 million increase in prepaid and other expenses related to deferred costs from projects still in implementation and a $2.1 million decrease in accounts payable due to vendor payments.

Cash used in operating activities for the fiscal 2011 first half was $8.6 million and consisted of net cash of $9.5 million used for changes in operating assets and liabilities offset by a net loss adjusted for non-cash expense items of $0.9 million. Cash used for changes in operating assets and liabilities consisted of an increase in accounts receivables due to the increase of our OTA program and the long-term nature of the contracts and an increase of $7.7 million for inventory purchases, including $3.8 million for purchases of wireless control inventories based upon our Phase 2 initiatives, a $1.9 million increase in solar panel inventories in anticipation of the receipt of customer purchase orders and a $3.1 million increase in ballast component inventories due to concerns over supply availability and component shortages. Cash provided by changes in operating assets and liabilities included a $1.5 million increase in accounts payable related to payment terms on inventory purchases and a $0.8 million increase in deferred revenue related to an investment tax grant received for a solar asset owned under our power purchase agreement, or PPA, finance program.

Cash Flows Related to Investing Activities. For the fiscal 2012 first half, cash used in investing activities was $2.1 million. This included a net $2.0 million for capital improvements related to our information technology systems, manufacturing and tooling improvements and facility investments and $0.1 million for investment in patent activities.

For the fiscal 2011 first half, cash used in investing activities was $4.0 million. This included $2.0 million for capital improvements related to our information technology systems, renewable technologies, manufacturing and tooling improvements and facility investments, $1.6 million invested in equipment related to our PPA finance programs, $0.3 million for long-term investments and $0.1 million for patent investments.

Cash Flows Related to Financing Activities. For the fiscal 2012 first half, cash flows provided by financing activities were $4.2 million. This included $4.6 million in new debt borrowings to fund OTAs, $0.3 million for excess tax benefits from stock-based compensation and $0.1 million received from stock option and warrant exercises. Cash flows used in financing activities included $0.7 million for repayment of long-term debt and $0.1 million for debt closing costs.

For the fiscal 2011 first half, cash flows provided by financing activities was $2.6 million. This included $2.7 million in new debt borrowings to fund OTA and capital projects and $0.3 million received from stock option exercises. Cash flows used in financing activities included $0.3 million for repayment of long-term debt and $0.1 million for costs related to our new credit agreement.

Working Capital

Our net working capital as of September 30, 2011 was $57.9 million, consisting of $76.4 million in current assets and $18.5 million in current liabilities. Our net working capital as of March 31, 2011 was $56.9 million, consisting of $73.1 million in current assets and $16.2 million in current liabilities. Our current accounts receivables decreased from fiscal 2011 year-end by $6.0 million as a result of the collection of payments from customers. Our inventories increased from our fiscal 2011 year-end by $3.3 million due to a $1.8 million increase in solar panel inventories in anticipation of the receipt of customer purchase orders, a $0.7 million increase in our work-in process inventories for product orders to be delivered in our fiscal 2012 second quarter, a $0.1 million increase in raw materials and a $0.7 million increase in finished goods for orders expected to ship in our fiscal 2012 back half.

During fiscal 2011, we increased our inventory levels of key electronic components, specifically electronic ballasts, to avoid potential shortages and customer service issues as a result of lengthening supply lead times and product availability issues. We continue to monitor supply side concerns within the electronic component market and believe that our current inventory levels are sufficient to protect us against the risk of being unable to deliver product as specified by our customers' requirements. Recently, we were made aware of concerns over shortages of rare earth minerals used in the production of fluorescent lamps. We have increased our purchase commitments related to these components to ensure that we will have product availability to meet customer demands. We are continually monitoring supply side concerns through conversations with our key vendors and currently believe that supply availability concerns appear to have moderated, but have not diminished to the point where we anticipate reducing safety stock to the levels that existed prior to the electrical components supply issues.

We generally attempt to maintain at least a three-month supply of on-hand inventory of purchased components and raw materials to meet anticipated demand, as well as to reduce our risk of unexpected raw material or component shortages or supply interruptions. Our accounts receivables, inventory and payables may increase to the extent our revenue and order levels increase.

Capital Spending

Capital expenditures totaled $2.0 million during the fiscal 2012 first half due to investments in information technologies and other tooling and equipment for new products, as well as cost improvements in our manufacturing facility. We expect to incur a total of $1.0 to $1.4 million in capital expenditures during the remainder of fiscal year 2012, excluding capital to support our OTA contracts. Our capital spending plans predominantly consist of further cost improvements in our manufacturing facility, improvements to our building and headquarters, new product development and investment in information technology systems. We consider the investment in our information systems critical to our long-term success and our ability to ensure a strong control environment over financial reporting and operations. We expect to finance these capital expenditures primarily through our existing cash, equipment secured loans and leases, to the extent needed, long-term debt financing, or by using our available capacity under our credit facility.

Liquidity and Capital Resources

We had approximately $15.6 million in cash and cash equivalents and $1.0 million in short-term investments as of September 30, 2011, compared to $11.6 million and $1.0 million at March 31, 2011. Additionally, as of September 30, 2011 we have $13.3 million of borrowing availability under our revolving credit agreement. We also have $3.2 million of availability on our recently completed OTA credit agreement which can be utilized for the sole purpose of funding customer OTA projects. During the first half of fiscal 2012, we borrowed $4.6 million to finance our OTA projects. We have now secured multiple debt sources for our OTA finance contracts and believe that our sources of OTA funding are sufficient to meet near-term OTA finance program requirements. We believe that our existing cash and cash equivalents, our anticipated cash flows from operating activities and our borrowing capacity under our revolving credit facility will be sufficient to meet our anticipated cash needs for at least the next 12 months, dependent upon our growth opportunities with our cash and finance customers.

Safe Harbor Statement

Certain matters discussed in this supplemental information are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may generally be identified as such because the context of such statements will include words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or words of similar import. Similarly, statements that describe our financial guidance or future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause results to differ materially from those expected, including, but not limited to, the following: (i) deterioration of market conditions, including customer capital expenditure budgets; (ii) our ability to compete and execute our growth strategy in a highly competitive market and our ability to respond successfully to market competition; (iii) increasing duration of customer sales cycles; (iv) the market acceptance of our products and services, including increasing customer preference to purchase our products through our Orion Throughput Agreements, or OTAs, rather than through cash purchases; (v) our ability to effectively manage the credit risk associated with our increasing reliance on OTA contracts; (vi) price fluctuations, shortages or interruptions of component supplies and raw materials used to manufacture our products; (vii) loss of one or more key employees, customers or suppliers, including key contacts at such customers; (viii) our ability to effectively manage our product inventory to provide our products to customers on a timely basis; (ix) the increasing relative volume of our product sales through our wholesale channel; (x) a reduction in the price of electricity; (xi) the cost to comply with, and the effects of, any current and future government regulations, laws and policies; (xii) increased competition from government subsidies and utility incentive programs; (xiii) dependence on customers' capital budgets for sales of products and services; (xiv) our development of, and participation in, new product and technology offerings or applications; the availability of additional debt financing and/or equity capital; (xv) legal proceedings; and (xvi) potential warranty claims. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this supplemental information and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at http://www.sec.gov or at http://www.oesx.com in the Investor Relations section of our Web site.

Orion Energy Systems, Inc. Announces Approval of Share Repurchase Program

MANITOWOC, Wis. – (BUSINESS WIRE) – November 2, 2011 – Orion Energy Systems Inc. (NYSE Amex: OESX), a leading power technology enterprise, announced today that its Board of Directors has approved a share repurchase program, authorizing the Company to repurchase in the aggregate up to $1,000,000 of its outstanding common stock. Purchases by the Company under this program may be made from time to time in open market purchases, privately negotiated transactions, accelerated stock repurchase programs or otherwise, as determined by the Company's management.

This program does not obligate the Company to acquire any particular amount of common stock. The pace of repurchase activity will depend on factors such as current stock price, market conditions and other factors. The share repurchase program may be suspended, modified or discontinued at any time and has no set expiration date.

Orion Energy Systems, Inc. **(NYSE Amex: OESX)** is a leading power technology enterprise that designs, manufactures and deploys energy management systems – consisting primarily of high-performance, energy efficient lighting platforms, intelligent wireless control systems and direct renewable solar technology for commercial and industrial customers – without compromising their quantity or quality of light. For more information, visit www.oesx.com.

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Source: Orion Energy Systems Inc.

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