

focus[™] **energy**

NASDAQ: EFOI



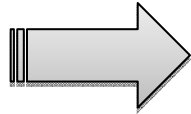
Safe Harbor Statement

This presentation may contain some statements that may be considered forward-looking statements. These forward-looking statements may include statements relating to financial projections or other statements relating to the company's plans, objectives, expectations or intentions. These matters involve risks and uncertainties, and actual results may differ materially from those projected or implied in the forward-looking statements. Factors that could cause actual results to materially differ from the forward-looking statements in this presentation are set forth in our most recent annual report on Form 10-K.

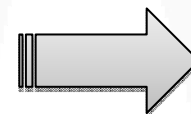
Welcome

Transition to a Turnkey Lighting Energy Services Company

Raise \$3.5MM
Through
Rights Offering



Acquire a
Lighting
Energy Services
Company



Expand Market
Opportunity
By 20x

\$5B “Accent Lighting”
New Construction Market

\$100+B “General Lighting”
Existing Building Market

Proprietary High Efficiency Lighting Technology

Comprehensive Lighting Solutions Provider

Seasoned Management Team

Large Addressable Markets

Strong Demand Drivers



Lighting Retrofit Co. Acquisition

Typical Lighting Retrofit/Energy Services Companies Industry Profile

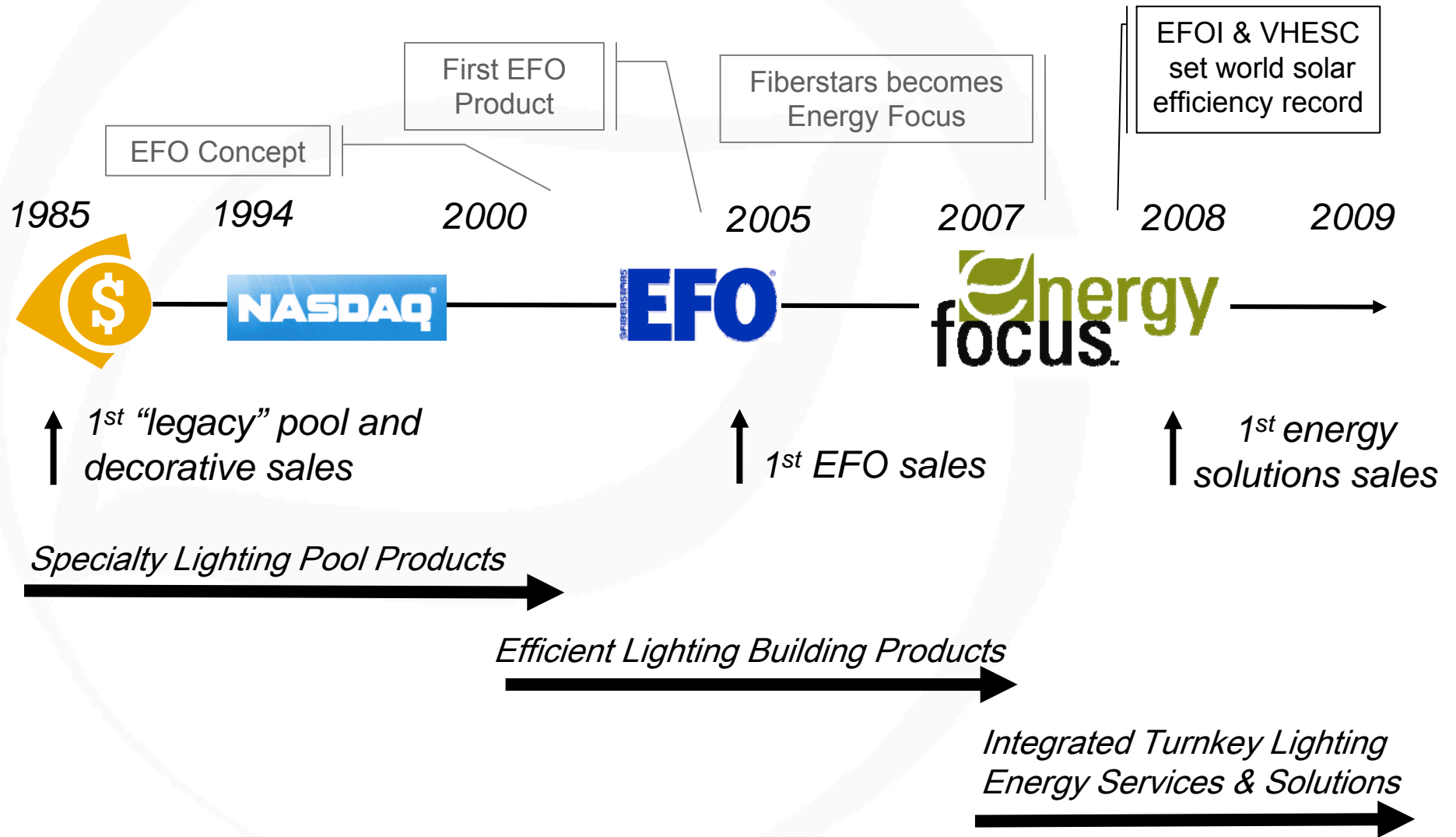
- Specialty contractors \approx 100 in the US (Typically Private)
- Perform Lighting Audits, Design, Costing, Financial Analysis, Procure, Project Management, Subcontract Installation and Verification
- Size: \$1 to \$100 MM in revenue
- Profitability: 5% to 10% net income

Quickest means to participate in stimulus program

Rational/Benefits

- Enables Public Sector Energy Solutions Sales Channel
- Provides a delivery vehicle to accelerate market adoption of existing and new EFOI technology
- Enables Customer Intimacy

Historical Overview



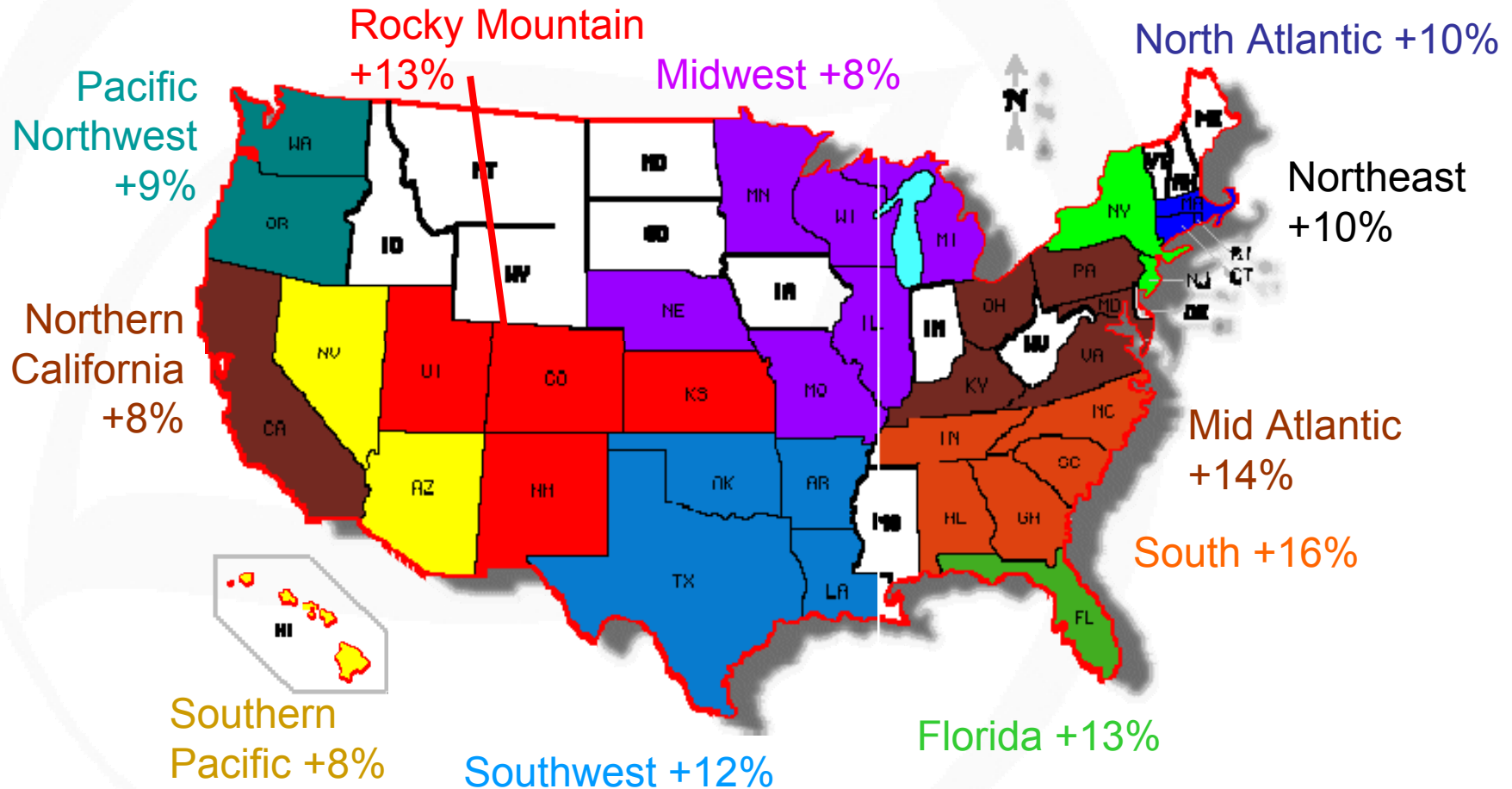
Value Proposition

- We can deliver up to 80% reduction in lighting energy cost
- Our lighting products reduce maintenance costs by up to 50%
- Our technology provides improved light levels for productivity & safety
- We can reduce product shrinkage
- Increase sales
- Reduce carbon footprint



Business Driver : Rising Electricity Costs

DOE Electricity Cost Projection To 2010



Source: Energy Information Administration (DoE), published January 13, 2009

Business Driver: Government

American Reinvestment & Recovery Act Of 2009

- Authorized \approx \$38B in funds for energy conservation
 - \$2B in loans for renewable energy projects
 - \$4.5B toward smart-grid technologies
 - \$6.3B in state energy-efficient and clean-energy grants
 - \$4.5B to make federal buildings more energy efficient



Energy Policy Act of 2005 (EPACT)

- Tax Deductions for efficient lighting retrofits in existing buildings

Emergency Economic Stabilization Act of 2008

- Accelerated Tax Bonus depreciation for business purchases

Energy Savings Performance Contracting (“ESPC”)

- Contracting vehicle for energy upgrades in federal buildings
 - \$80B DOE program
 - \$900 MM US Army Corp Of Engineers program

State Enabling Energy Efficiency Legislation

- Contracting vehicle for energy upgrades in public buildings

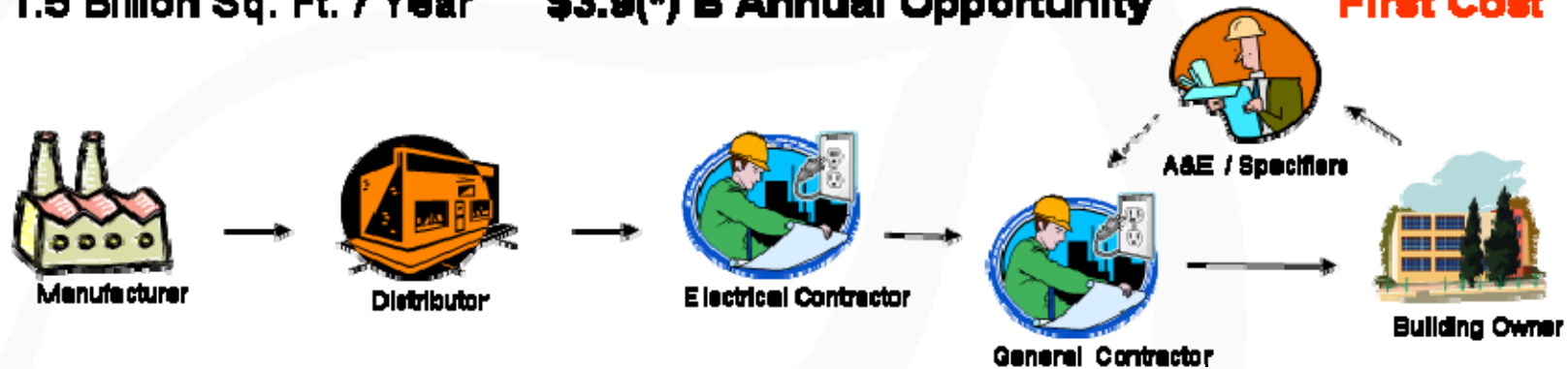
Business Driver: Market Transformation

Plan & Specification / New Construction Channel

< 1.5 Billion Sq. Ft. / Year

\$3.9(*) B Annual Opportunity

First Cost



Existing Building Channel

62+ Billion Sq. Ft.

\$31 B to \$100(*) B Opportunity

Lifecycle Cost



Expanding our Target Markets

Existing Building Channel

62+ Billion Sq. Ft.

\$31 B to \$100(*) B Opportunity

Lifecycle Cost



62+ B sq.ft. of non-residential lighted building space built prior to 2003:

- ≈30% Government owned
- ≈70% Non-Government owned

Typical lighting upgrade program cost \$1 per sq.ft. for efficient lamp & ballast replacements and \$1.50 per sq.ft. for lighting controls

Typical > 30% return on investment

A Company in Transition

In the past – a classical structure designed to serve “new construction” market



Moving forward - EFOI is re-tooling it's structure to serve the “existing building” market



The Transition to a Solution Sales Focus has begun: acquiring an existing Lighting Retrofit sales delivery vehicle accelerates the transition

Integrated Solutions Focus

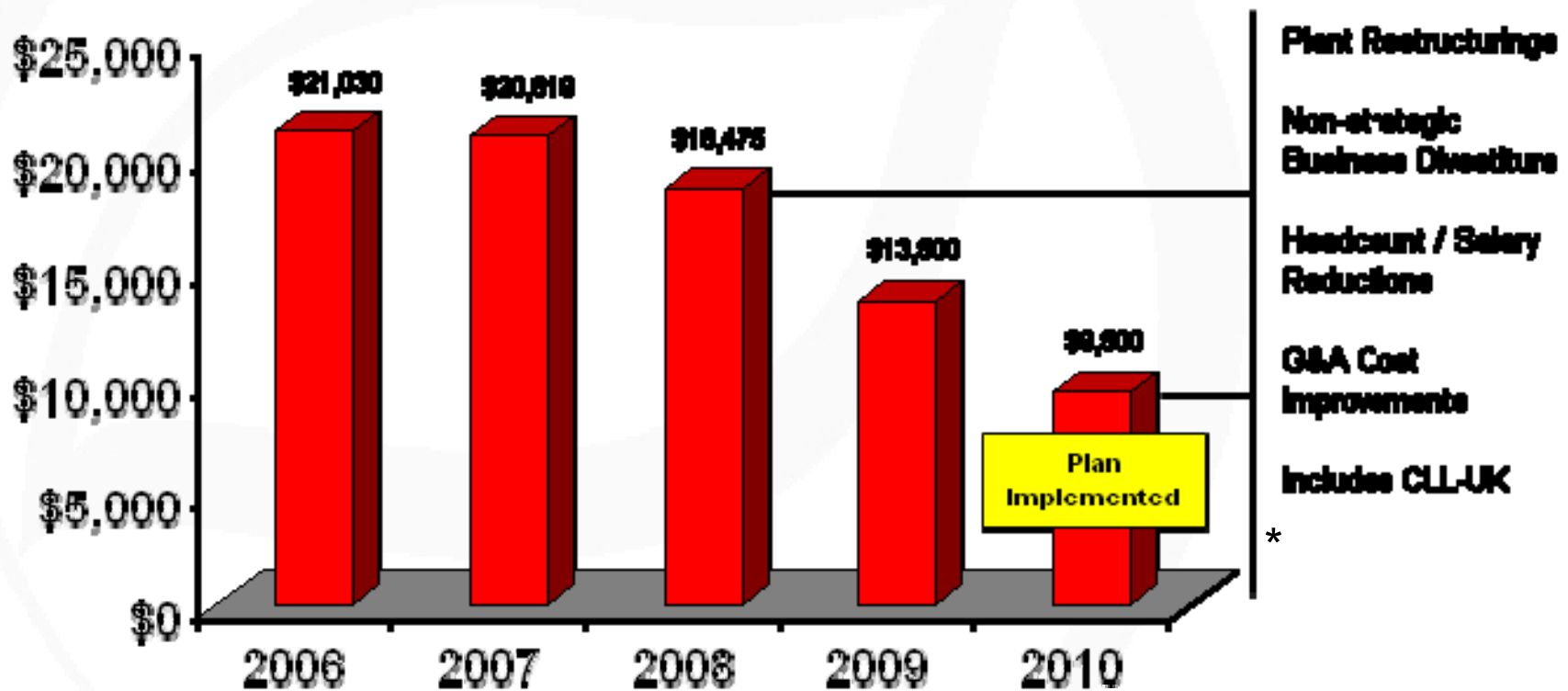
Energy Focus is accelerating its transition to becoming an integrated turnkey lighting energy solutions provider.

- Significantly reduced overhead costs.
- Focus on the existing building market with comprehensive whole building Lighting Solutions retrofit.
- Increased focus on mainstream lighting products that leverage EFOI's optics technology and solar PV technologies.
- Requires an acquisition for acceleration.

This Rights Offering should generate sufficient funds for the transaction and for on-going operations.

Reducing Overhead Costs

Annual Operating Expenses (In 000's)



Divesting Non-Strategic Divisions

Business Units To Potentially Be Divested

- Pools and Spa Lighting
- U.S. Decorative Lighting
- European Decorative Lighting

Progress

- Business Broker Retained
- In Discussions With Prospective Buyers

Leveraging Core IP



LED source



Non Imaging Optics



FEM Rods



Solar

LED Landscape



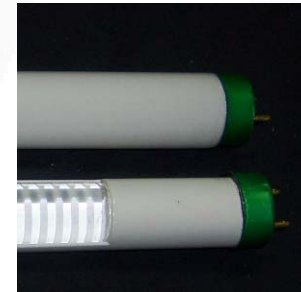
LED Track



LED Parking Garage



NAVSEA
VHESC
HEDL ...



LED F-Lamp replacement



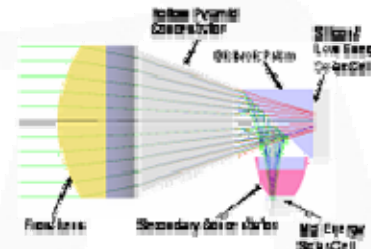
High Efficiency solar/led systems

Focused Technology Development

R&D Project Criteria

- Cash neutral or better
- Strategic to the business
- Creates Fundamental IP
- Significant Revenue Potential

\$3.1 million VHESC

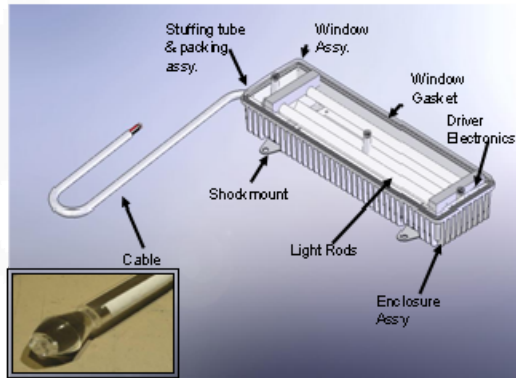


PHASE III Focus

- Commercialization
- Cost/watt Vs pSi

Unique optical splitting allows unparalleled efficiency

\$1.4 million NAVSEA



Virginia class fixture / proprietary EFOI LED light tube

>80% Energy Savings

Next Generation LED Lamp For Fluorescent Tube Replacement Using EFOI Optical Rod Technology

IntelliTube™ Technology

LED replacement for linear fluorescent lamps

- Plug n Play into existing fixtures
- 80+% Energy Savings
- Environmentally Friendly
- Leverages EFOI's IP



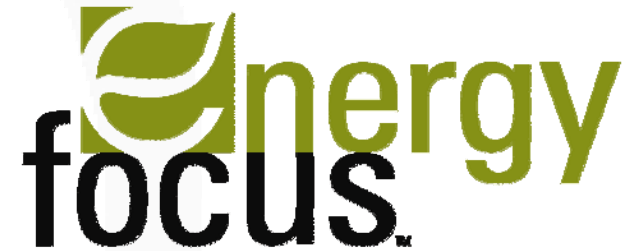
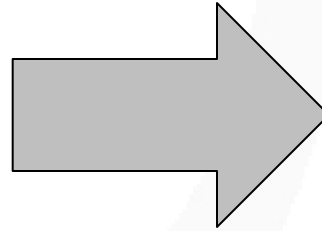
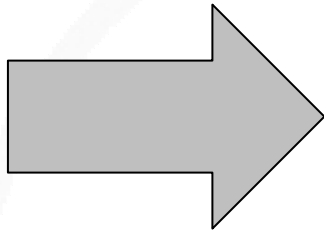
Stones River Companies



- Lighting retrofits since 1998`
- Audits, Design, Costing, Financial Analysis, Procure, Project Management Of Subcontract Installation and Verification
- Focus on Public Sector lighting retrofits
- \$50+ MM sales pipeline, expect significant orders in Q1/10
- Profitable
- Letter of Intent in place

Energy Focus “Unfair Advantage”

Old EFOI + *SRC* = *NEW EFOI*



Technology

Government funded lighting and solar R&D programs leading to a stream of breakthrough products

Sales & Delivery

Integrated lighting energy services to penetrate the existing building retrofit market

New Energy Focus – Laser Focus on “Energy Services Sales”

Financial Transformation

Year	Revenue (\$ Millions)	Gross Margin %	Operating Expense %	Operating Margin %	Share Price @ 20X Multiple
2010	\$35	30%	28%	2%	\$1
2011	\$45	30%	22%	8%	\$4
2012	\$80	31%	20%	10%	\$8
2013	\$125	31%	20%	10%	\$11

Capital Raise and Timeline

- **\$3.5 MM Maximum Rights Offering**
- **\$.75 Per Share / \approx 4.7 MM Shares**
- **Transferrable Rights**
- **Rights Offering Information Contact**

BNYM

(866) 282-4940

- **Investor Relations Contact**

Brion Tanous, CleanTech IR

(310) 541-6824

-
- Oct 5 Record Date
 - Oct 6 Rights Offering Effective
 - Oct 30 Rights Offering Subscription Period Ends
 - Nov 2 Rights Offering Transfer Period Begins
 - Nov 13 Rights Offering Transfer Period Ends

Experienced Management Team



*Gerrit Reinders
VP Solutions
23 Yrs, Energy Mgmt*



*Joe Kaveski
CEO, 25 Yrs Energy
Sales, former JCI Exec*



*Rob Wilson, SRC
VP Design & Development
17 Yrs, Electrical/Energy Mgmt*



*Rhonda Courtney
14 Yrs Public Sector
Solutions Sales*



*Eric Hilliard
COO, 15yrs
Operations Mgmt*



*Nick Berchtold
CFO, 11 Yrs
Financial Mgmt*



*John Davenport
President, 125+ Patents
former head GEL R&D*



*Roger Buelow
CTO, 17 Patents
VEHSC and NACSEA PI*



*Laszlo Takacs,
Director R&D, 11 Patents,
Lockheed "skunk works"*

Summary Of Energy Focus Transformation Expected Outcomes

Today

2010

Product Sales

Energy Services / Solutions

<\$15 MM in Revenue

>\$35 MM in Revenue

New Construction Focus

Existing Buildings Focus

\$5 B Market Opportunity

\$100 B Market Opportunity

Specialty Lighting

Mainstream Lighting

Private Sector

Public & Private Sector

In-house Manufacturing

Manufacturing Partner

Burning Cash

Generating Cash

