



CEOCFO

Interviews & News!

ceocfointerviews.com – All rights reserved. – Issue: March 7, 2008

With Approximately \$100 Billion Being Spent On Lighting In The Commercial And Industrial Sector, EnerLume Energy Management Corp. Is In The Right Place At The Right Time With Their Energy Conservation Product For Treating Fluorescent Lighting

ENERLUME | CORP
Energy Management

Energy
Energy Conservation
(OTC BB: ENLU.OB)

EnerLume Energy Management Corp.

Two Broadway
Hamden, CT 06518-2697
Phone: 203-248-4100



David J. Murphy
Co-Founder and CEO

BIO:

David J. Murphy – Mr. Murphy co-founded the Company and has served as President and Chief Executive Officer since February 2007 and previously served as our Acting President and Chief Executive Officer since August 2005. Mr. Murphy has also served as a director since 1986. From 1986 to 2007, he served as Executive Vice President and from 1998 to 2007; he served as our Chief Fi-

ancial Officer. Mr. Murphy has extensive experience as an officer in a publicly held business. Currently, he is responsible for all financial and operational aspects of the Company. From 1984 to 1986, he was the Operations Manager for Campus Dining at the University of New Haven and served as Adjunct Professor in the Hotel, Restaurant and Tourism School. From 1983 to 1984, he was involved in operations at Hamilton College in Clinton, New York and Fairleigh Dickinson University in Madison, New Jersey. Mr. Murphy received his B.S. degree in International Business from Quinnipiac University in Hamden, Connecticut, and a certificate in Exporting Marketing from the same college. He has also completed postgraduate courses in business.

Company Profile:

EnerLume Energy Management Corp., through its subsidiaries, provides energy management conservation products and services in the United States. Its focus is energy conservation, which includes a proprietary digital microprocessor for reducing energy consumption on lighting systems, and the installation and design of electrical systems, energy management systems, telecommunication networks, control panels, lighting systems, and alarm systems.

Mission Statement

Our mission is to lead the marketplace to the new levels of efficient utilization of utilities demanded by the economic cost of energy and the global demand for conservation. We will research, develop and provide the customized products, services and responsible information expected of a business committed to the high technol-

ogy demands of the energy management workplace.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Murphy, what is your vision for EnerLume Energy Management?

Mr. Murphy: “Our vision for EnerLume Energy Management is to lead the market place to new heights of energy conservation particularly in the lighting field. Right now, we are concentrating on fluorescent lighting and we plan on growing our product base in the future.”

CEOCFO: What are you providing and to whom are you providing it?

Mr. Murphy: “Right now our new product is the EnerLume |EM[®], a lighting energy manager used mainly for fluorescent lighting. What the product does is send transmission of electricity to the lighting panels’ at the most efficient time of the electrical sine wave. This product is installed before the lighting panel, where we splice the conductors leading to the lighting panel and treat the whole panel with one EnerLume |EM[®]. The product will take inefficiencies out of the ballasts and provide maximum transmission of electricity at the optimum time for energy conservation. It has a Windows[®] based program that permits the operator to set time schedules to turn the lights on and off, including after-hours, in the retail sector when you do not need all the lights on, providing additional energy savings. The end user may also turn off phase a, b or c, permitting even more energy savings.”

CEOCFO: Would you give us a sense of the cost savings?

Mr. Murphy: “According to The Department of Energy website in 2005, in the commercial and industrial sector, approximately \$100 billion was spent on lighting and that is the market that we are going after. The EnerLume | EM® in most cases will save 15 % with less than a 5% foot candle loss and provide less than a two year break even point. We are going after the commercial and industrial sector and then we are going after education. We picked those two sectors because \$100 billion of lighting is a large amount. We have also targeted education because unlike a business, schools cannot pick up and move to another area where the cost of doing business is less. They are able to afford the product even though the education sector has a longer payback period. Some of the customers that we are going into now are parking garages, warehouses, distribution centers, large retail box stores, and as I mentioned colleges and school districts.”

CEOCFO: How long has your product been available and is it being used now?

Mr. Murphy: “It is in the infancy stage. We started developing the product in 2004 when we acquired the rights to the product from Global Net Energy Investors, and in December 2004, we purchased that company in its entirety. Over the past three years, we have taken it from the prototype stage to further development. In the past year, we have received UL and CUL status and on March 30, 2007, we filed our patents. Over the past six months, we have built our distribution network, which today includes twenty Channel Partners, consisting of either a stocking distributor or someone who wants to sell the property but does not want to be a stocking distributor. We have three different Channel Partner levels, a Master Channel Partner deals directly with us and is required to stock inventory. A Direct Channel Partner is someone who wants to be a Master Channel Partner but is not ready to make that financial commitment. What we do for the Direct Channel Partners is we give them a six to nine month window to go develop their sales pipeline and then at the end of the

six to nine months they have to commit to a Master Channel Partner level or Channel Partner level. The Channel Partner would be a non-stocking distributor and would deal directly with a Master Channel Partner. We are really just now getting out of beta stages with customers and are dealing with some large, national and regional retail stores, parking garages and school districts.”

CEOCFO: Does this need to be installed when the lighting is first put in or can you go back and add it?

Mr. Murphy: “That is the beauty of this product; the EnerLume | EM® can be installed at construction time or in existing buildings. Since we do not have to go back and change the lights or the ballasts or disrupt the workspace or the retail sales force, 99.9% of the time the people in the building do not even know it was installed. It is installed in the electrical closet and since there is very little or no

“Our vision for EnerLume Energy Management is to lead the market place to new heights of energy conservation particularly in the lighting field. Right now, we are concentrating on fluorescent lighting and we plan on growing our product base in the future.” - David J. Murphy

perceptible light loss, the customers or the workers don’t even know that has been installed. In the commercial industrial sector there is approximately 73 billion square feet of space, according to The Department of Energy’s website. That is the target that we are focusing on.”

CEOCFO: How do you reach your potential customer?

Mr. Murphy: “Most of the potential customers are reached through our Channel Partner network. One of the things we did in establishing our distribution is instead of taking the product to the end user directly, we established the Channel Partners who are either large electrical contractors or ESCO companies (Energy Savings Consulting Companies) that already have relationships with the end user. We want to focus on the development of new energy conservation products and let the people who have the relationship with the end user sell the product to the end user. It will be our responsibility

to train the Channel Partners in installation and sales, and to make sure that we are out there developing new products to take to the end user.”

CEOCFO: What is the competitive landscape like?

Mr. Murphy: “Right now, we don’t see another product that does what our product does in the way that we do it. There have been other energy manager systems out there for fluorescent lights, and the way that they created the savings and the way that we create savings, are totally different. Our product does not degrade the ballast of the lamps; we do not change the output of the sine wave from the ballast to the lamps like many other products have. Most of the time our biggest constraints on closing a sale is because it’s new technology and it’s being tested longer or perhaps there is a different ballast that is not compatible with the EnerLume | EM®. We do not say that we can treat all fluorescent lights, as technology needs to be compatible. Sometimes you run into a ballast that is not compatible with the EnerLume | EM®. However, the biggest competition is the capital budget of the customer as we are concentrating on large numbers.”

CEOCFO: Would you be looking for large chains?

Mr. Murphy: “That is up to the Channel Partners. They have their well-established customers that they can go to however most Channel Partners are concentrating on customers that provide an ongoing revenue stream for them. It takes almost the same amount of time to sell any product or service to a company that has one, two, or three locations as it does to a company with 300 locations. The main emphasis with the Channel Partners is targeting customers that could provide an ongoing revenue stream and multiple installations for them.”

CEOCFO: You mentioned other energy saving products; how do you acquire what you are looking for?

Mr. Murphy: “We have not disclosed other products that we are looking to develop. At this time, our concentration is

really on the commercialization of the EnerLume | EM[®] and after that we will concentrate on other products but we want to be the leaders in energy efficiency for lighting. The products that we are thinking about developing will all be concentrated in delivering more energy savings for commercial lighting.”

CEOCFO: What is the financial picture of the company?

Mr. Murphy: “The financial picture today, we have been in the hospitality business for about 20 years. We recently closed a sale of both our food service businesses and now we are totally concentrated on electrical energy services. Our balance sheet has some debt on it, however if we look at the non-trade debt, we have about \$2.5 million in non-trade debt. I think that is pretty impressive for a company that has a technology product fully developed, patent pending, UL, CUL listed and is actually out on the street generating revenue. We are like many other small cap companies. If you continue to execute the business plan, all small cap companies need to ensure they have working capital and from time to time will have to go out to the market to

raise money for further development and to reach critical mass where the revenue is covering the overhead expenses. With that said, we have provided guidance for the fiscal year ending June 30th, 2008; that \$5.5 million dollars in revenue from the EnerLume will fully absorb our overhead and we will return back to profitability and positive cash flow by June 30th, 2008.”

CEOCFO: In closing, why should potential investors pick you out of the crowd and what might people miss when they look at EnerLume that really should be understood?

Mr. Murphy: “I think one thing that separates us and something for investors to look at is that we are a company that has gone through some challenges over the last couple of years through the SEC and a Class Action Shareholder lawsuit and we have really polished the company’s corporate governance. We have tightened areas and survived a very challenging time in our business life. We have a product that is fully developed, ready to go to the market and is generating revenue with fairly low debt on the balance sheet for a product such as the

EnerLume | EM[®]. It saves 15% on the cost of electricity for fluorescent lights, which is a large number to save. It has a very quick payback for the customer, in many cases it is less than two years. We are in an industry where not only the utility companies but the end users are being forced to conserve electricity. We just cannot produce enough electricity for the growing demand. Currently, it is estimated that the growing demand is about 2% per year and in order for most utility companies to meet this demand, they need to build a new generating plant or create incentives for their customers to conserve usage. The cost of a new nuclear plant can cost anywhere from \$1.5 billion to \$6 billion that is budgeted for the new plant in south Texas. The most efficient and quickest way to meet this demand is to conserve electricity and we feel that the EnerLume | EM[®] is poised at the crossroads of meeting this demand and supply in the market place for a lighting energy conservation product where lighting is usually the largest percentage of the electrical bill for the end user. We have a product that is being delivered to the market that is cost efficient and very simple to install.”

ENERLUME | CORP
Energy Management

EnerLume Energy Management Corp.
Two Broadway
Hamden, CT 06518-2697
Phone: 203-248-4100