



Acorn Energy, Inc. Announces Year End Results

Montchanin, DE (March 30, 2009) ACORN ENERGY, INC. (Nasdaq: [ACFN](#)) today announced that it has filed with the Securities and Exchange Commission its annual report on Form 10-K for the year ended December 31, 2008. The results for the year ended December 31, 2008 include the full-year 2008 operations of CoaLogix and its SCR-Tech subsidiary which was acquired in November 2007 and partial-year 2008 results for Coreworx which was acquired in August 2008. The Form 10-K provides full disclosure and an analysis of the result of operations for the year.

“2008 was a terrific year for Acorn Energy’s operating companies. With revenue of \$20.7 million, up 266% from last year, and gross profit of \$6.5 million up 363% from last year. We are proving the strength of our operating businesses and strategy to invest in energy technology businesses,” stated John Moore, CEO of Acorn Energy. “Revenues at CoaLogix increased 223% from \$4.5 million in 2007, the year of our acquisition to \$10.1 million in 2008. DSIT increased revenues by 70% from \$4.9 million in 2007 to \$8.3 million in 2008. Coreworx, while only under our ownership since mid-August, provided revenue of \$2.3 million.

Moore continued, “Our three core businesses, led by talented entrepreneurs, address large and growing markets with innovative products and important reference customers. Our companies are benefiting from major trends in the energy and environmental sector as well as from innovations where they are creating new market categories. I am also gratified that we ended the year with \$16.1 million in combined backlog.”

“Our decision to sell most of our Comverge shares at prices substantially above its current value has provided us with capital to accelerate the growth of our three core businesses,” Moore concluded.

Financial Highlights:

- During 2008, the Company sold 1,261,165 shares of Comverge. The Company received proceeds of approximately \$15.4 million for the year ended December 31, 2008. The Company recorded a pre-tax gain of \$8.9 million. Through December 31, 2008, the Company sold approximately 2.3 million Comverge shares at an average sale price of \$19.16 per share for proceeds of approximately \$43.7 million. Subsequent to December 31, 2008 and through March 26, 2009, the Company sold an additional 175,000 shares of Comverge and received proceeds of approximately \$1.2 million.
- The Company ended the year with approximately \$17.9 million of cash, including approximately \$2.7 million of restricted cash. As of March 1, 2009 the Company had approximately \$14.1 million of cash, including restricted cash of approximately \$2.7 million. The Company also has \$3.4 million of debt incurred in connection with its recent acquisition of Coreworx.

- Revenues increased by \$15.0 million or 266% to \$20.7 million in 2008 as compared to revenues of \$5.7 million in 2007. Of the increase in revenues, \$9.3 million was attributable to revenues from the CoaLogix segment which was included for the full year 2008, but was included in 2007 only for the period from acquisition in November 2007 to year end. In addition, 2008 revenues also include \$2.3 million of revenues from Coreworx whose results are included from the date of acquisition (August 13, 2008). Revenues of the Company's DSIT subsidiary increased by \$3.4 million, or 170%, from \$4.9 million in 2007 to \$8.3 million in 2008 due to a \$3.6 million increase in revenues for the Naval & RT Solutions segment. The increase resulted from the recording of a full-year's revenues in 2008 on a three-year project for a sonar and acoustic system for the Israeli Ministry of Defense received in the middle of 2007 combined with increased revenues from DSIT's other real-time and embedded solutions projects.
- Gross profit in 2008 increased by \$5.1 million or 363%, to \$6.5 million from \$1.4 million in 2007. The increase in gross profit was attributable to the inclusion in 2008 of a full year of CoaLogix and the inclusion of Coreworx from the date of its acquisition. CoaLogix and Coreworx gross profit in 2008 were \$2.5 and \$1.4 million, respectively. Gross profit in DSIT in 2008 was \$2.7 million which reflects an increase of \$1.4 million or 106% from \$1.3 million in 2007. DSIT's gross profit increase was due primarily to its increased sales as well as its improved margins.

Moore added, "The success of our three core businesses and our need to provide them with additional capital forced us to make some hard decisions regarding Local Power and Paketeria. We wrote-off our investments in both enterprises. Both investments were bets on really big ideas. Both investments were in early stage companies that needed more capital that we ultimately weren't willing to supply.

"Our write-down of our investment in GridSense is another matter. We are still optimistic about the future of the business. However, due to the depressed the value of its publicly traded shares and in accordance with generally accepted accounting principles, we recorded an impairment with respect to our investment and loan to GridSense," concluded Moore.

Financial Lowlights

- In 2008, the Company recorded a loss provision on its loans to Paketeria of \$2.5 million due to Paketeria's increasing operating difficulties and doubts as to its ability to repay its debt to the Company. Also in 2008, the Company recorded an equity loss of \$1.6 million. As a result, the Company's investment in Paketeria has been reduced to zero and the Company has ceased recording losses in Paketeria.
- In 2008, the Company recorded a loss provision on its loans to GridSense of \$0.6 million due to doubts as to its ability to repay its debt to the Company. Also in 2008, the Company recorded an equity loss of \$0.2 million and impairment of \$0.7 million with respect to its GridSense investment to bring the value of its investment in GridSense to its market value on the Toronto Stock Exchange on that date.
- Also in 2008, the Company took a cumulative charge of \$0.5 million with respect to its investment and loans to Local Power.

- Operating losses increased by \$8.0 million from \$4.4 million in 2007 to \$12.4 million in 2008 due to the following events in 2008:
 - \$3.7 million of impairments with respect to the Company's loans to Paketeria, GridSense and loans and investment to Local Power
 - \$1.4 million loss from CoaLogix
 - \$0.8 million of loss from Coreworx
 - \$2.4 million of in-process research and development expensed in connection with the Company's acquisition of Coreworx

Investor Conference Call –Thursday, April 2, 2009

The Company plans to hold a conference call on Thursday, April 2, 2009 to discuss its fiscal year 2008 results; details of the call will follow.

About Acorn Energy, Inc.

Acorn Energy, Inc. is a publicly traded holding company focused on two goals: improving the efficiency of the energy grid and reducing the environmental impact of the energy sector. Acorn's operating companies leverage advanced technologies to transform the existing energy infrastructure. Acorn's strategy is to take primarily controlling positions in companies led by great entrepreneurs and add value by supporting those companies with marketing, strategy and business development. Acorn Energy is a global company with equity interests in CoaLogix, Comverge, Coreworx, DSIT and GridSense. For more information visit www.acornenergy.com.

Safe Harbor Statement

This press release includes forward-looking statements, which are subject to risks and uncertainties. There is no assurance that CoaLogix, DSIT or Coreworx will continue to grow their respective businesses. A complete discussion of the risks and uncertainties which may affect Acorn Energy's business generally is included in "Risk Factors" in the Company's most recent Annual Report on Form 10-K as filed by the Company with the Securities and Exchange Commission.

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ACORN ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT NET INCOME (LOSS) PER SHARE DATA)

Year ended December 31,

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Sales:			
Projects	\$3,186	\$4,061	\$7,805
Catalytic regeneration services	--	797	10,099
Software license and services	--	--	2,330
Other	931	802	462
Total sales	<u>4,117</u>	<u>5,660</u>	<u>20,696</u>
Cost of sales:			
Projects	2,022	2,891	5,244
Catalytic regeneration services	--	681	7,642
Software license and services	--	--	921
Other	741	676	356
Total cost of sales	<u>2,763</u>	<u>4,248</u>	<u>14,163</u>
Gross profit	1,354	1,412	6,533
Operating expenses:			
Research and development expenses, net	324	415	1,169
Acquired in-process research and development	--	--	2,444
Selling, general and administrative expenses	4,618	5,278	11,667
Impairments	40	112	3,664
Total operating expenses	<u>4,982</u>	<u>5,805</u>	<u>18,944</u>
Operating loss	(3,628)	(4,393)	(12,411)
Gain on early redemption of convertible debentures	--	--	1,259
Finance expense, net	(30)	(1,585)	(3,031)
Gain on sale of shares in Comverge	--	23,124	8,861
Gain on public offering of Comverge	--	16,169	--
Gain (loss) on private placement of equity investments	--	(37)	7
Other income - settlement of a claim	330	--	--
Income (loss) before taxes on income	<u>(3,328)</u>	<u>33,278</u>	<u>(5,315)</u>
Income tax benefit (expense)	(183)	445	(342)
Income (loss) from operations of the Company and its consolidated subsidiaries	(3,511)	33,723	(5,657)
Share in losses of Paketeria	(424)	(1,206)	(1,560)
Share in losses of GridSense	--	--	(926)
Share in losses of Comverge	(210)	--	--
Minority interests	--	--	248
Net income (loss) from continuing operations	<u>(4,145)</u>	<u>32,517</u>	<u>(7,895)</u>
Loss on sale of discontinued operations and contract settlement, net of tax	(2,069)	--	--
Net income from discontinued operations, net of tax	78	--	--
Net income (loss)	<u>(\$6,136)</u>	<u>\$32,517</u>	<u>(\$7,895)</u>
Basic net income (loss) per share:			
Income (loss) per share from continuing operations	(\$0.48)	\$3.30	(\$0.69)
Discontinued operations	(0.23)	--	--
Net income (loss) per share	<u>(\$0.71)</u>	<u>\$3.30</u>	<u>(\$0.69)</u>
Weighted average number of shares outstanding – basic	<u>8,689</u>	<u>9,848</u>	<u>11,374</u>
Diluted net income (loss) per share:			
Income (loss) per share from continuing operations	(\$0.48)	\$2.80	(\$0.69)
Discontinued operations	(0.23)	--	--
Net income (loss) per share	<u>(\$0.71)</u>	<u>\$2.80</u>	<u>(\$0.69)</u>
Weighted average number of shares outstanding –diluted	<u>8,689</u>	<u>12,177</u>	<u>11,374</u>

ACORN ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

ASSETS

As of December 31,

	2007	2008
Current assets:		
Cash and cash equivalents	\$19,644	\$15,142
Restricted deposit	--	2,157
Accounts receivable, net	1,775	4,524
Unbilled work-in-process	1,784	581
Inventory	119	1,148
Other current assets	1,391	2,080
Total current assets	<u>24,713</u>	<u>25,632</u>
Property and equipment, net	1,335	2,447
Available for sale - Investment in Comverge	55,538	2,462
Investment in Paketeria	1,439	--
Investment in GridSense	--	129
Other investments	668	1,117
Funds in respect of employee termination benefits	1,607	1,677
Restricted deposit	1,517	579
Other intangible assets, net	5,987	10,357
Goodwill	3,945	6,342
Other assets	218	313
Total assets	<u><u>\$96,967</u></u>	<u><u>\$51,055</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term bank credit and current maturities of long-term debt	\$761	\$445
Notes payable	--	3,400
Convertible debt, net	4,237	--
Accounts payable	910	2,285
Accrued payroll, payroll taxes and social benefits	1,118	1,314
Other current liabilities	3,844	4,350
Total current liabilities	<u>10,870</u>	<u>11,794</u>
Long-term liabilities:		
Liability for employee termination benefits	2,397	2,651
Long-term debt	12	--
Deferred income taxes	16,038	29
Other liabilities	325	458
Total long-term liabilities	<u>18,772</u>	<u>3,138</u>
Minority interests	--	1,975
Commitments and contingencies		
Shareholders' equity:		
Common stock - \$0.01 par value per share:		
Authorized – 20,000,000 shares; Issued – 11,134,795 and 12,454,528 shares at December 31, 2007 and 2008, respectively	111	124
Additional paid-in capital	49,306	54,735
Warrants	1,330	1,020
Accumulated deficit	(9,692)	(17,587)
Treasury stock, at cost – 777,371 and 841,286 shares at December 31, 2007 and 2008, respectively	(3,592)	(3,719)
Accumulated other comprehensive income (loss)	29,862	(425)
Total shareholders' equity	<u>67,325</u>	<u>34,148</u>
Total liabilities and shareholders' equity	<u><u>\$96,967</u></u>	<u><u>\$51,055</u></u>