

**NEXXUS LIGHTING, INC.**  
124 Floyd Smith Drive, Suite 300  
Charlotte, North Carolina 28262  
April 27, 2009

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Nexxus Lighting, Inc. The Annual Meeting will be held at the Hilton Charlotte University Place, 8629 JM Keynes Drive, Charlotte, North Carolina 28262, on Thursday, the 21st day of May, 2009, at 9:30 a.m. Eastern Time, and thereafter as it may from time to time be adjourned.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting and Proxy Statement.

Your vote is important. Whether or not you attend the Annual Meeting, please complete, sign, date and promptly return the enclosed proxy card in the enclosed postage-paid envelope. If you decide to attend the Annual Meeting and vote in person, you may do so.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the affairs of the Company.

We look forward to seeing you at the Annual Meeting.

Sincerely,



Michael A. Bauer  
President and Chief Executive Officer

# NEXXUS LIGHTING, INC.

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## NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

**Date:** May 21, 2009  
**Time:** 9:30 a.m.  
**Place:** Hilton Charlotte University Place  
8629 JM Keynes Drive  
Charlotte, North Carolina 28262

Dear Stockholders:

At our Annual Meeting, we will ask you to:

- Elect seven directors to the Board of Directors;
- Approve an amendment to the 2003 Stock Incentive Plan to increase the number of shares of common stock available for issuance thereunder from 670,000 to 810,000 shares;
- Ratify the appointment of Cross, Fernandez & Riley, LLP as our independent registered public accountants for the fiscal year ending December 31, 2009; and
- Transact any other business that may properly be presented at the Annual Meeting.

### RECORD DATE

If you were a stockholder of record at the close of business on April 16, 2009, you are entitled to notice of and to vote at the Annual Meeting. A list of stockholders entitled to vote at the meeting will be available during business hours for ten (10) days prior to the Annual Meeting at our offices at 124 Floyd Smith Drive, Suite 300, Charlotte, North Carolina 28262, for examination by any stockholder for any purpose germane to the meeting.

### PROOF OF OWNERSHIP

Attendance at the Annual Meeting will be limited to stockholders of record or their authorized representative by proxy. If your shares are held through an intermediary, such as a bank or broker, you must present proof of your ownership of Nexxus Lighting shares at the Annual Meeting. Proof of ownership could include a proxy from the intermediary or a copy of your account statement, which confirms your beneficial ownership of Nexxus Lighting shares.

By order of the Board of Directors,



Michael A. Bauer  
President and Chief Executive Officer

April 27, 2009

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on May 21, 2009:**

The Proxy Statement and Nexxus Lighting's 2008 Annual Report on Form 10-K to stockholders are also available on Nexxus Lighting's website at [www.nexxuslighting.com/investor\\_relations/](http://www.nexxuslighting.com/investor_relations/).

**PROXY STATEMENT FOR THE  
NEXXUS LIGHTING, INC.  
2009 ANNUAL MEETING OF STOCKHOLDERS**

**Information About The Annual Meeting and Voting**

**Why Did You Send Me this Proxy Statement?**

The Board of Directors of Nexxus Lighting, Inc. sent you this Proxy Statement and the enclosed proxy card because the Board is soliciting your proxy to vote at the 2009 Annual Meeting of Stockholders. This Proxy Statement summarizes the information you need to know to vote at the Annual Meeting. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

We will begin sending this Proxy Statement, the attached Notice of Annual Meeting of Stockholders, and the enclosed proxy card on or about April 27, 2009 to all stockholders entitled to vote. Stockholders who owned Nexxus Lighting common stock at the close of business on April 16, 2009 are entitled to vote. Effective April 16, 2009, there were 8,341,296 shares of common stock outstanding. Common stock is our only outstanding class of voting stock. In this Proxy Statement, unless the context otherwise requires, "Nexxus Lighting," "Nexxus," "we," "our," "us," the "Company" and similar expressions refer to Nexxus Lighting, Inc., a Delaware corporation. Effective April 11, 2007, we changed our name from "Super Vision International, Inc." to "Nexxus Lighting, Inc."

We are also sending along with this Proxy Statement, the Company's Annual Report on Form 10-K for the year ended December 31, 2008, which includes our Financial Statements. The Annual Report on Form 10-K is not to be regarded as proxy solicitation material.

**How Many Votes Do I Have?**

Each share of common stock that you own entitles you to one vote for each matter to be acted upon at the Annual Meeting. The proxy card enclosed herewith indicates the number of Nexxus Lighting shares of common stock that you own.

**How Do I Vote by Proxy?**

Whether you plan to attend the Annual Meeting or not, we urge you to complete, sign and date the enclosed proxy card and to return it promptly in the envelope provided. Returning the proxy card will not affect your right to attend the Annual Meeting and vote.

If you properly fill in your proxy card and send it to us in time to vote, your "proxy" (the individual named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxy will vote your shares as recommended by the Board of Directors, as follows:

- **"FOR"** the election of all seven nominees for director;
- **"FOR"** amending the 2003 Stock Incentive Plan to increase the number of shares of common stock available for issuance thereunder from 670,000 to 810,000 shares; and
- **"FOR"** ratifying the appointment of Cross, Fernandez & Riley, LLP as our independent auditors for fiscal year 2009.

If any other matter is properly presented at the Annual Meeting, your proxy will vote in accordance with the proxy's best judgment. At the time this Proxy Statement went to press, we knew of no matters which needed to be acted on at the Annual Meeting, other than those discussed in this Proxy Statement.

**May I Revoke My Proxy?**

If you give a proxy, you may revoke it at any time before it is exercised. You may revoke your proxy in any one of three ways:

- You may send in another proxy with a later date;
- You may notify Nexxus Lighting's Secretary in writing before the Annual Meeting that you have revoked your proxy; or
- You may vote in person at the Annual Meeting.

## How Do I Vote in Person?

If you plan to attend the Annual Meeting and vote in person, we will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or other nominee, you must bring an account statement or letter from the nominee indicating that you were the beneficial owner of the shares on April 16, 2009, the record date for voting.

## What Votes Are Required to Approve Each Proposal?

**Proposal 1:  
Elect Seven Directors** The seven nominees for director who receive the most votes (*a “plurality” as required by Delaware law*) will be elected. So, if you do not vote for a particular nominee, or you indicate “withhold authority to vote” for a particular nominee on your proxy card, your vote will not count either “for” or “against” the nominee. A broker non-vote (*i.e., when a broker does not have authority to vote on a specific issue*) will also have no effect on the outcome since only a plurality of votes actually cast is required to elect a director.

**Proposal 2:  
Amendment to 2003 Stock Incentive Plan** The affirmative vote of a majority of the total votes cast by the holders of shares present in person or by proxy at the Annual Meeting, and entitled to vote at the Annual Meeting, is required to approve the amendment to the 2003 Stock Incentive Plan.

**Proposal 3:  
Ratify Appointment of Auditors** The affirmative vote of a majority of the total votes cast by the holders of shares present in person or by proxy at the Annual Meeting, and entitled to vote at the Annual Meeting, is required to ratify the appointment of the independent auditors.

**Quorum; The Effect of Broker Non-Votes and Abstentions** A majority of the votes of the outstanding shares of common stock represented in person or by proxy will constitute a quorum. Your broker is not entitled to vote on a proposal unless it receives instructions from you. Even if your broker does not vote your shares on a proposal, such broker non-votes will count as shares present for purposes of determining the presence or absence of a quorum for the transaction of business. Similarly, abstentions are also counted for determining if a quorum is present. Shares will not be voted in favor of a matter, and will not be counted as voting on a matter, if they either (i) abstain from voting on a particular matter, or (ii) are broker non-votes. Accordingly, abstentions and broker non-votes will have no effect on the voting on a matter that requires the affirmative vote of a certain percentage of the votes cast in person or by proxy on a matter.

## Is Voting Confidential?

As a matter of policy, proxies, ballots and voting tabulations that identify individual stockholders are held confidential by Nexxus Lighting. That information is available for examination only by the inspectors of election who are employees appointed to tabulate the votes. The identity of the vote of any stockholder is not disclosed except as may be necessary to meet legal requirements.

## What Are the Costs of Soliciting the Proxies?

Nexxus Lighting pays the cost of preparing, assembling and mailing this proxy soliciting material. In addition to the use of the mail, proxies may be solicited personally, by telephone, electronically or by facsimile by Nexxus Lighting officers and employees without additional compensation. Nexxus Lighting pays all costs of solicitation, including certain expenses of brokers and nominees who mail proxy material to their customers or principals.

## Information About Nexxus Lighting, Inc. Common Stock Ownership

### How Much Stock is Owned By Directors, Executive Officers and At Least 5% Stockholders?

The following table shows, as of April 16, 2009, (a) all persons we know to be “beneficial owners” of more than five percent of the outstanding common stock of Nexxus Lighting, and (b) the common stock owned beneficially by Nexxus Lighting directors and named executive officers and all executive officers and directors as a group. Each person has sole voting and sole investment power with respect to the shares shown, except as noted.

Beneficial Owner <sup>(1)</sup>	Shares Beneficially Owned <sup>(2)</sup>	
	Number of Shares	Percent Ownership
Brett M. Kingstone and the Kingstone Family Ltd Partnership II <sup>(3)</sup>	931,447	11.0%
Edgar Protiva <sup>(4)</sup>	41,498	*
Brian McCann <sup>(5)</sup>	47,000	*
Fritz Zeck <sup>(6)</sup>	36,000	*
Anthony Nicolosi <sup>(5)</sup>	38,000	*
Michael J. Brown <sup>(7)</sup>	430,493	5.1%
Chris Richardson	—	—
Michael Bauer <sup>(8)</sup>	182,050	2.1%
Gary Langford	—	—
Potomac Capital Management LLC <sup>(9)</sup>	401,787	4.6%
Potomac Capital Management Inc. <sup>(10)</sup>	595,484	7.0%
Paul J. Solit <sup>(11)</sup>	1,000,338	11.6%
James Shawn Chalmers <sup>(12)</sup>	833,295	9.9%
Bicknell Family Holding Company, LLC, Bicknell Family Management Company, LLC; Bicknell Family Management Company Trust; Mariner Wealth Advisors, LLC; and Martin C. Bicknell <sup>(13)</sup>	833,295	9.9%
All executive officers and directors as a group (8 persons) <sup>(14)</sup>	770,041	8.8%

\* Represents a percentage of beneficial ownership that is less than 1%.

(1) Unless otherwise stated, the address for all persons listed above is Nexxus Lighting, Inc., 124 Floyd Smith Drive, Suite 300, Charlotte, North Carolina 28262.

(2) “Beneficial ownership” is a technical term broadly defined by the Securities and Exchange Commission (“SEC”) to mean more than ownership in the usual sense. For example, you “beneficially” own Nexxus Lighting common stock not only if you hold it directly, but also if you indirectly (through a relationship, a position as a director or trustee, or a contract or understanding) have or share the power to vote the stock, or to sell it, or if you have the right to acquire it within 60 days. The percent of shares beneficially owned as of April 16, 2009 was calculated based upon 8,341,296 outstanding shares of common stock.

(3) This amount includes the following shares owned by the Kingstone Family Limited Partnership II, which Mr. Kingstone controls and is the general partner: (i) 561,814 shares of common stock; and (ii) 289,187 shares of common stock that may be acquired upon the exercise of warrants that were exercisable as of (or will become exercisable within 60 days after) April 16, 2009. In addition, this amount includes 80,446 shares of common stock which may be acquired by Mr. Kingstone upon the exercise of options granted pursuant to the Company’s stock option plans that were exercisable as of (or that will become exercisable within 60 days after) April 16, 2009. The address of Mr. Kingstone and the Kingstone Family Ltd Partnership II is 7718 Dawberry Court, Orlando, Florida 32819.

(4) This amount includes 1,498 shares of common stock. The balance of 40,000 shares of common stock may be acquired upon the exercise of options granted for serving as a director of the Company that were exercisable as of April 16, 2009, or that will become exercisable within 60 days after April 16, 2009.

(5) All of these shares consist of common stock that may be acquired upon the exercise of options granted for serving as a director of the Company that were exercisable as of April 16, 2009, or that will become exercisable within 60 days after April 16, 2009.

(6) This amount includes 5,000 shares of common stock. The balance of 31,000 shares of common stock may be acquired upon the exercise of options granted for serving as a director of the Company that were exercisable as of April 16, 2009, or that will become exercisable within 60 days after April 16, 2009.

(7) This amount includes 269,058 shares of common stock. The balance of 161,435 shares of common stock may be

acquired upon the exercise of warrants that were exercisable as of April 16, 2009, or that will become exercisable within 60 days after April 16, 2009.

- (8) This amount includes: (i) 6,900 shares of common stock; (ii) 167,750 shares of common stock that may be acquired upon the exercise of options that were exercisable as of April 16, 2009, or that will become exercisable within 60 days after April 16, 2009; and (iii) 7,400 shares of common stock held by Mr. Bauer's spouse.
- (9) Based on information obtained from a Schedule 13G jointly filed with the SEC on March 2, 2009 by Potomac Capital Management LLC, Potomac Capital Management Inc. and Paul J. Solit, Potomac Capital Management LLC owns 401,787 shares of common stock consisting of 289,347 shares of common stock and warrants to purchase 112,440 shares of common stock. The address of Potomac Capital Management LLC is 825 Third Avenue, 33rd Floor, New York, New York 10022.
- (10) Based on information obtained from a Schedule 13G jointly filed with the SEC on March 2, 2009 by Potomac Capital Management LLC, Potomac Capital Management Inc. and Paul J. Solit, Potomac Capital Management Inc. owns 595,484 shares of common stock consisting of 415,995 shares of common stock and warrants to purchase 179,489 shares of common stock. The address of Potomac Capital Management Inc. is 825 Third Avenue, 33rd Floor, New York, New York 10022.
- (11) Based on information obtained from a Schedule 13G jointly filed with the SEC on March 2, 2009 by Potomac Capital Management LLC, Potomac Capital Management Inc. and Paul J. Solit, Mr. Solit owns 1,000,338 shares of common stock consisting of 708,409 shares of common stock and warrants to purchase 291,929 shares of common stock. The address of Mr. Solit is 825 Third Avenue, 33rd Floor, New York, New York 10022.
- (12) Based on information obtained from a Schedule 13G/A filed with the SEC on February 6, 2009 by James Shawn Chalmers, Mr. Chalmers is: (i) the sole director and president and majority stockholder of J&S Ventures, Inc. ("J&S"), which directly owns 3,000 shares of common stock; (ii) the sole manager and holder of 75% of the membership interests of Orion Capital Investments, LLC ("Orion Capital"), which owns 134,529 shares of common stock and warrants to purchase 134,529 shares of common stock; (iii) the sole manager and holder of 20% of the membership interests of Orion Investment Partners I, LLC ("Orion Investment"), which owns 199,853 warrants to purchase common stock; and (iv) the trustee of the J. Shawn Chalmers Trust, which owns 167,144 shares of common stock and 283,733 warrants to purchase shares of common stock. In addition, the number of shares of common stock owned by Mr. Chalmers includes 20,000 shares of common stock directly owned by his children. The warrants contain a blocker provision under which the holder does not have the right to exercise the warrants to the extent that such exercise would result in beneficial ownership by the holder of more than 9.99% of the shares of common stock then issued and outstanding. Due to the limitation on the exercise of warrants, Mr. Chalmers is deemed the beneficial owner of 833,295 shares or 9.99% of the outstanding shares of common stock on April 16, 2009. The address of Mr. Chalmers is 705 S. 10th Street, Suite 109, Blue Springs, Missouri 64015.
- (13) Based on information obtained from a Schedule 13G/A jointly filed with the SEC on February 17, 2009 by the Bicknell Family Holding Company, LLC, the Bicknell Family Management Company, LLC, the Bicknell Family Management Company Trust, Mariner Wealth Advisors, LLC and Martin C. Bicknell (each, a "Bicknell Reporter"), (i) the Bicknell Family Holding Company, LLC directly owns 720,416 shares of common stock and 242,152 shares of common stock issuable upon the exercise of warrants, and (ii) Martin C. Bicknell directly owns 51,569 shares of common stock and 26,906 warrants. The warrants contain a blocker provision under which the holder does not have the right to exercise the warrants to the extent that such exercise would result in beneficial ownership by the holder of more than 9.99% of the shares of common stock then issued and outstanding. Due to the limitation on the exercise of the warrants, each Bicknell Reporter is deemed a beneficial owner with shared voting and dispositive power over 833,295 shares or 9.99% of the outstanding shares of common stock on April 16, 2009. The address of the Bicknell Reporters is c/o Mariner Wealth Advisors, LLC, 4200 W. 115<sup>th</sup> Street, Suite 100, Leawood, Kansas 66211.
- (14) This amount includes shares that may be acquired upon exercise of options and warrants held by directors and executive officers that were exercisable as of April 16, 2009, or that will become exercisable within 60 days after April 16, 2009.

### **Information about Directors and Executive Officers**

#### **Our Board of Directors**

Our Board of Directors oversees the business and affairs of Nexxus Lighting and monitors the performance of management. The directors keep themselves informed through discussions with our President and Chief Executive Officer, other key executives and our principal external advisors (legal counsel, independent auditors and other consultants), by reading reports and other materials that we send to them and by participating in Board and committee meetings. The

Company has determined that all directors, other than Mr. Kingstone, who retired from the Board in March 2009, and Mr. Bauer are independent under NASDAQ Rule 5605(a)(2) based on information known to the Company and on the annual questionnaire executed by each director.

The Board met fourteen times during fiscal year 2008. During fiscal year 2008, Fritz Zeck attended fewer than 75% of the total number of meetings of the Board of Directors. During 2008, our independent directors held several informal discussions where only independent directors were present. All Board members are expected to attend the 2009 Annual Meeting of Stockholders, subject to special circumstances. The following Board members attended the Annual Meeting of Stockholders held in May 2008: Anthony Nicolosi, Edgar Protiva and Brett Kingstone.

#### The Committees of the Board

Our Board has three standing committees to assist it with its responsibilities as described below. We do not have a standing Nominating Committee; instead, our Board of Directors, as a whole, was responsible for selecting nominees for election as directors and electing executive officers. Director nominees are recommended for the Board's selection by a majority of our independent directors. The Company believes that obtaining input from all directors in connection with Board nominations enhances the nominating process.

#### The Audit Committee

The Audit Committee reviews and approves the audit reports rendered by the Company's independent auditors and reviews the effectiveness of Nexxus Lighting's internal accounting controls and procedures. The Audit Committee reports to the Board of Directors about such matters and recommends the selection of independent auditors. For fiscal year 2008, Messrs. Edgar Protiva, Fritz Zeck, Anthony Castor and Anthony Nicolosi served as members of the Audit Committee. Mr. Castor retired from the Board in March 2009. The Audit Committee met four times during fiscal year 2008. All of the members of the Audit Committee are "independent" (as defined by NASDAQ Rule 5605(a)(2)). The Board of Directors has adopted a written charter for the audit committee. Our Board of Directors has determined that Mr. Nicolosi is the member of the Audit Committee who (i) qualifies as an "audit committee financial expert" under applicable SEC rules and regulations governing the composition of the Audit Committee and (ii) satisfies the "financial sophistication" requirements of the NASDAQ listing standards. For a brief listing of Mr. Nicolosi's relevant experience, see "Proposal 1: Elect Seven Directors" below. For a report on certain Audit Committee actions during 2008, see the "Audit Committee Report" below.

#### The Compensation Committee

The Compensation Committee reviews and recommends compensation plans for the top five highest paid employees, reports to the Board of Directors about such matters and recommends the incentive plans for these employees. The Compensation Committee also administers our 2003 Stock Incentive Plan. In May 2008, the responsibilities of our Stock Option Committee were absorbed by the Compensation Committee and our Stock Option Committee was integrated into the Compensation Committee. For fiscal year 2008, Messrs. Brian McCann, Anthony Nicolosi and Fritz Zeck served as members of the Compensation Committee. The Compensation Committee met one time during fiscal year 2008, and held several informal discussions among members of the committee.

#### The Strategic Initiatives Committee

The Strategic Initiatives Committee works with the Board of Directors and the Company's Chief Executive Officer to evaluate and support potential strategic acquisitions, litigation, and technology licensing activities. For fiscal year 2008, Messrs. Anthony Castor, Brett Kingstone and Michael Bauer served as members of the Strategic Initiatives Committee. Messrs. Kingstone and Castor retired from the Board in March 2009. The Strategic Initiatives Committee met two times during fiscal year 2008, and held several informal discussions among members of the committee.

#### Director Nominating Process

The Company does not have a formal policy concerning stockholder recommendations for nominees to the Board of Directors. The need for such a policy has not arisen since, to date, the Company has not received any recommendations from stockholders requesting that the Board of Directors consider a candidate for inclusion among the

Board's slate of nominees in the Company's proxy statement. The absence of such a policy does not mean, however, that a recommendation would not have been considered had one been received.

The Company will consider director candidates recommended by stockholders. Any stockholder desiring to make such a recommendation should send the recommendation, in writing, to the Corporate Secretary at the address of the Company set forth on the attached Notice of 2009 Annual Meeting, no later than the date by which stockholder proposals for action must be submitted. For the date of such submission, see "Information about Stockholder Proposals" below. In order to recommend a candidate for consideration by the Board, a stockholder must provide the Board with the candidate's name, background and relationship with the proposing stockholder, a brief statement outlining the reasons the candidate would be an effective director of Nexxus Lighting and information relevant to the considerations described below. The submission should be accompanied by the candidate's written consent to nomination and to serving as a director, if elected. The Board may require further information.

The Company's goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from business and professional experience. The Company does not have any formal rules or policies regarding minimum qualifications for nominees, but expects that its candidates be of the highest ethical character, share the values of the Company, be capable of discharging his or her fiduciary duties to the stockholders of the Company, have reputations, both personal and professional, consistent with the image and reputation of the Company, be highly accomplished in their respective field, and possess the relevant expertise and experience necessary to assist the Company with enhancing stockholder value.

The Board of Directors seeks new nominees for election to the Board, when necessary, through a variety of channels, including informal recommendations through business and personal contacts. Current members of the Board of Directors are polled for suggestions. Research also may be performed to identify qualified individuals. To date, the Company has not engaged third parties to identify, evaluate, or assist in identifying potential nominees, although the Company reserves the right in the future to retain a third party search firm, if necessary.

The Board will evaluate any candidate recommended for nomination as a director, whether proposed by a stockholder, or identified through the Board's own search processes, about whom it is provided appropriate information in a timely manner. The Board of Directors considers nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service or if the Board of Directors decides not to re-nominate a member for re-election, the Board of Directors will seek to identify nominees that possess the characteristics outlined below.

All new candidates for election to the Board and all Board members eligible for nomination for re-election to the Board are evaluated based upon a variety of criteria, including the following:

- the adequacy of such candidate or Board member's time available to commit to responsibilities as a member of the Board;
- sound personal and professional integrity;
- an inquiring and independent mind;
- practical wisdom and mature judgment;
- broad training and experience at the policy-making level of business, finance and accounting, or technology;
- the appropriate size and the diversity of the Company's Board of Directors;
- the needs of the Company with respect to the particular talents and experience of its directors;
- the knowledge, skills and experience of nominees, including experience in technology, business, or finance, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;
- familiarity with national and international business matters;
- experience with accounting rules and practices; and
- the need to satisfy governance and other standards set by the Securities and Exchange Commission and Nasdaq.

The Board of Directors may also consider such other factors as it may deem to be in the best interests of the Company and its stockholders.

The Company currently does not have a charter with regard to the nomination process.

#### Director Compensation

**Meeting Fees and Expenses** We compensate directors who are not employees of Nexxus Lighting with an annual fee of \$1,000 for serving on our Board of Directors. For each Board or Committee meeting attended in person, non-employee directors receive \$500. For attending our annual meeting of stockholders in person, non-employee directors receive \$1,000. For meetings attended via telephone, non-employee directors receive \$250. We reimburse all directors for travel and other related expenses incurred in attending stockholder, Board and Committee meetings. We do not compensate our employees for service as a director. We do, however, reimburse them for travel and other related expenses.

**Option Awards** We compensate directors who are not employees of Nexxus with annual grants of options to purchase 8,000 shares of our common stock for serving on our Board of Directors. The chairperson of the Audit Committee receives an additional annual grant of options to purchase 4,000 shares of our common stock. Each of the chairpersons of the Strategic Initiatives Committee and the Compensation Committee receives an additional annual grant of options to purchase 2,000 shares of our common stock. In addition, with the exception of Messrs. Brown and Richardson, each non-employee director received a one-time grant of options to purchase 6,000 shares of our common stock when he first became a member of the Board. Prior to our 2008 annual meeting of stockholders, all of the options granted to non-employee directors were granted at an exercise price equal to the market value of the underlying stock at the time of the grant and became exercisable in full six months after the date of grant. During fiscal year 2007, pursuant to the 2003 Stock Incentive Plan, we granted options to purchase 4,000 shares of our common stock to each of Edgar Protiva, Fritz Zeck and Brett Kingstone, options to purchase 5,000 shares of our common stock to Anthony Castor, and options to purchase 6,000 shares of our common stock to each of Brian McCann and Anthony Nicolosi, all non-employee directors of Nexxus at the time the options were granted. All of the options granted to non-employee directors during fiscal year 2007 were granted on May 17, 2007 at an exercise price of \$4.74 per share and vested on November 17, 2007. In connection with our May 2008 annual meeting of stockholders, and pursuant to the 2003 Stock Incentive Plan, we granted options to purchase 8,000 shares of our common stock to each of Edgar Protiva, Fritz Zeck and Brett Kingstone, options to purchase 9,000 shares of our common stock to Anthony Castor, options to purchase 10,000 shares of our common stock to Brian McCann and options to purchase 12,000 shares of our common stock to Anthony Nicolosi, all non-employee directors of Nexxus at the time the options were granted. Although the Board authorized the grant of all of the 2008 options on May 22, 2008, options to purchase an aggregate of 8,000 shares granted to Messrs. Protiva and Zeck could not be issued until the number of shares subject to options under the 2003 Stock Incentive Plan was increased in June 2008. All of the options granted in connection with the 2008 annual stockholders meeting have an exercise price of \$8.30 per share and vest 50% six months after issuance and the remaining 50% on May 22, 2009.

The following table sets forth information regarding the compensation received by each of our non-employee directors during the year ended December 31, 2008:

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)(3)</sup>	All Other Compensation (\$)	Total (\$)
Brett M. Kingstone <sup>(4)</sup>	\$4,750	\$37,190	\$ —	\$41,940
Edgar Protiva	\$6,000	\$37,190	\$ —	\$43,190
Brian McCann	\$4,500	\$46,457	\$ —	\$50,957
Anthony Nicolosi	\$5,000	\$55,792	\$ —	\$60,792
Anthony T. Castor <sup>(5)</sup>	\$4,000	\$41,793	\$ —	\$45,793
Fritz Zeck	\$3,000	\$37,190	\$ —	\$40,190

(1) Consists of annual cash retainer fees and fees paid for attending meetings of the Board of Directors paid to non-employee directors for service as members of the Company's Board of Directors. Does not include the following annual cash retainer fees and fees paid for attending meetings of the Board that were earned by our non-employee directors during calendar year 2008, but paid in calendar year 2009: Kingstone - \$1,250; McCann - \$1,250; Castor - \$1,750; Nicolosi - \$2,000; Protiva - \$2,000; and Zeck - \$1,000. For further information concerning such fees, see the section above entitled "Director Compensation – Meeting Fees and Expenses."

(2) Consists of the annual stock option retainers awarded to non-employee directors for service on the Company's Board of Directors. The amounts represent the dollar amount of compensation expense recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with FAS 123(R) with respect to outstanding stock options vested for each director. Assumptions used in the calculation of this amount are included in Note 1 of the Notes to the Company's Financial Statements in our 2008 Annual Report on Form 10-K. For further information concerning the grant of options to non-employee directors under such plans, see the section above entitled "Director Compensation – Option Awards."

(3) As of December 31, 2008, the following non-employee directors held options to purchase the following number of shares of the Company's common stock: Mr. Kingstone, 80,446 shares (not including warrants to purchase 289,187 shares of common stock owned by the Kingstone Family Partnership II, which is controlled by Mr. Kingstone); Mr. Protiva, 40,000 shares; Mr. McCann, 47,000 shares; Mr. Nicolosi, 38,000 shares; Mr. Castor, 32,600 shares and Mr. Zeck, 31,000 shares. The options were granted under either the Company's 1994 Stock Option Plan or the Company's 2003 Stock Incentive Plan. For further information concerning the grant of options to non-employee directors under such plans, see the section above entitled "Director Compensation – Option Awards."

(4) Mr. Kingstone retired from the Board in March 2009.

(5) Mr. Castor retired from the Board in March 2009.

## Our Executive Officers

Except for Gary R. Langford, whose biography is provided below, the biographies of Nexxus Lighting's executive officers and directors are included under "Proposal 1: Elect Seven Directors," below.

<p>Gary R. Langford Chief Financial Officer Age 47</p>	<p>Mr. Langford has served as Chief Financial Officer of Nexxus Lighting since January 5, 2009. Prior to joining the Company, Mr. Langford owned and operated National Golf Cars, Inc., a refurbisher and distributor of used golf carts from 2001 to 2003 and TransAm Development, LLC, a real estate company from 2003 to 2008. He also served as Chief Controller for ePValue.com, Inc., a procurement joint venture between Sun Microsystems and Accenture from 2000 to 2001. Previously, from 1998 to 2000 he served as the Chief Financial Officer of Hartwell Industries, Inc., a manufacturer of apparel, uniforms and sportswear and as Treasurer for Fieldcrest Cannon, Inc., a manufacturer and distributor of home textile products from 1995 to 1997. He also served as Assistant Treasurer of AGCO Corporation, a farm equipment manufacturer, from 1990 to 1995. Mr. Langford began his finance career with Andersen Consulting in 1986.</p>
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## Did Directors, Executive Officers and Greater-Than-10% Stockholders Comply with Section 16(a) Beneficial Ownership Reporting in 2008?

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and greater-than-10% stockholders to file reports with the Securities and Exchange Commission on changes in their beneficial ownership of Nexxus Lighting common stock and to provide Nexxus Lighting with copies of the reports. Based solely on our review of these reports, we believe that all filing requirements applicable to our directors and executive officers were timely met during the fiscal year ended December 31, 2008, except: (i) director Edgar Protiva filed a Form 4 late reporting his exercise of common stock options and the sale of shares of common stock underlying such options; (ii) director Brian McCann filed a Form 4 late reporting his exercise of common stock options and the sale of shares of common stock underlying such options; and (iii) director Fritz Zeck filed a Form 4 late reporting his exercise of common stock options.

## How Do We Compensate Our Executive Officers?

The tables below show salaries and bonuses paid during the last two years and options granted in fiscal year 2008 to our President and Chief Executive Officer and our Chief Financial Officer. No options were exercised in fiscal year 2008 by the executive officers named below. Nexxus Lighting did not have any other executive officers serving at the end of fiscal year 2008 whose total salary and bonus exceeded \$100,000.

### Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Option Awards <sup>(1)</sup>	All Other Compensation <sup>(2)</sup>	Total
Michael A. Bauer <sup>(3)</sup>	2008	\$215,000	\$ —	\$93,147	\$42,329	\$350,476
	2007	\$190,000	\$11,875	\$68,203	\$15,945	\$286,023
John Oakley <sup>(4)</sup>	2008	\$165,075	\$ —	\$37,311	\$22,822	\$225,208
	2007	\$ 96,089	\$ 6,394	\$ 3,920	\$12,000	\$118,403

(1) The amounts represent the dollar amount of compensation expense recognized for financial statement reporting purposes for the fiscal years ended December 31, 2008 and 2007, in accordance with FAS 123(R) with respect to outstanding stock options vested and performance options estimated to be earned for each named executive officer. Assumptions used in the calculation of this amount are included in Note 1 of the Notes to our consolidated financial statements in our 2008 Annual Report on Form 10-K.

(2) All other compensation for Mr. Bauer consists of a monthly allowance of \$1,000 for automobile and other related expenses, partial reimbursement for health insurance premiums and the vested portion of Nexxus Lighting's 401(k) plan employer match. All other compensation for Mr. Oakley in 2007 was a \$12,000 moving allowance. In 2008, all other compensation for Mr. Oakley consisted of a monthly allowance of \$800 for automobile and other related expenses, partial reimbursement for health insurance premiums and the vested portion of Nexxus Lighting's 401(k) plan employer match.

(3) Mr. Bauer is the President and Chief Executive Officer of the Company.

(4) Mr. Oakley joined the Company as Chief Financial Officer on June 4, 2007 and resigned in January 2009. Mr. Oakley's annual base salary for the year ended December 31, 2007 was \$155,000.

## Employment Agreements

On September 9, 2005 (the "Signing Date"), we entered into an employment and non-competition agreement with Michael A. Bauer, as amended by Amendment to Employment Agreement dated as of January 15, 2007 (the employment and non-competition agreement, as amended, the "Prior Employment Agreement"). The Prior Employment Agreement provided that Mr. Bauer would serve as President and Chief Executive Officer effective January 1, 2006. The Prior Employment Agreement had an initial term expiring on December 31, 2007, and continued for successive one year increments unless terminated by either party. From the Signing Date until December 31, 2005, Mr. Bauer continued in his position as Vice President of Sales and Marketing.

The Prior Employment Agreement provided that Mr. Bauer would receive a base salary of \$190,000 per annum (which base salary could be increased based on Mr. Bauer's annual performance review and would increase no less than 3% per annum during the initial term of the Prior Employment Agreement), performance bonus compensation of up to \$190,000 for each of the years ended December 31, 2006 and 2007, and a monthly automobile allowance of \$1,000.

Mr. Bauer also received a one-time moving allowance of \$25,000. The actual performance bonus payment was based upon the achievement by Nexxus of certain financial and performance objectives.

In addition, subject to Mr. Bauer's continued employment with Nexxus on the applicable grant and vesting dates, we agreed to grant Mr. Bauer certain options to purchase our common stock. Pursuant to the Prior Employment Agreement, Mr. Bauer received an option to purchase 40,000 shares of our common stock at an exercise price equal to the fair market value of such stock on the Signing Date, which fully vested on the Signing Date. In addition, we agreed to grant Mr. Bauer (i) an option to purchase 75,000 shares of our common stock on January 1, 2007 at an exercise price equal to the fair market value of such stock on the Signing Date, vesting as to 25,000 shares on January 15, 2007 and 50,000 shares on March 31, 2007, provided that we achieved certain financial milestones set forth in our 2006 Board approved operating plan, and (ii) an option to purchase 75,000 shares of our common stock on January 1, 2008 at an exercise price equal to the fair market value of such stock on the Signing Date, vesting as to 25,000 shares on January 15, 2008 and 50,000 shares on March 31, 2008, provided that we achieved certain financial milestones set forth in our 2007 Board approved operating plan. If the financial milestones were not achieved by Nexxus, a percentage of the applicable stock option could vest, based on the portion of the milestone that was achieved.

On January 15, 2007, we entered into an amendment (the "Amendment") to the Prior Employment Agreement with Mr. Bauer (the "Amendment"). The Amendment reduced our obligation to grant Mr. Bauer stock options based on achieving certain 2006 financial milestones from 75,000 shares to 25,000 shares. The Amendment also modified certain performance goals for earning bonus compensation to, among other things, recognize Mr. Bauer's leadership and contribution relating to our successful equity financing in 2006. The Amendment did not change Mr. Bauer's total 2006 compensation as set forth in the Prior Employment Agreement, or the percentage of total compensation payable as a bonus upon achievement of certain financial and performance objectives. Mr. Bauer was paid \$11,875 as bonus compensation in the year ended December 31, 2007.

Of the options we agreed to grant Mr. Bauer pursuant to the Prior Employment Agreement, as amended, options to purchase a total of 78,000 shares vested and options to purchase a total of 62,000 shares expired unvested because we did not achieve the specified performance milestones.

On February 11, 2008, we entered into a new employment and non-competition agreement with Mr. Bauer (the "New Employment Agreement") to provide for Mr. Bauer's continued service as President and Chief Executive Officer. The New Employment Agreement supersedes the Prior Employment Agreement, which expired on December 31, 2007, and was effective as of January 1, 2008. The New Employment Agreement has an initial term expiring on December 31, 2010, and continues for successive one year increments unless terminated by either party.

The New Employment Agreement provides that Mr. Bauer shall receive a base salary of \$215,000 per year (which base salary may be increased based on Mr. Bauer's annual performance review and shall increase no less than 3% per annum during the initial term of the New Employment Agreement). Commencing upon the first day of the calendar quarter immediately succeeding the first calendar quarter during the term of the New Employment Agreement for which we report net income in our publicly filed financial statements, Mr. Bauer's base salary will increase to \$235,000 per year. Mr. Bauer was eligible to receive performance bonus compensation of up to \$105,000 for calendar year 2008 and a monthly automobile allowance of \$1,000. The actual performance bonus payment was based upon achievement of certain financial and performance objectives. Mr. Bauer did not receive any bonus compensation in the year ended December 31, 2008. After calendar year 2008, performance bonus compensation, if any, will be based upon performance criteria to be determined by the Board, or the compensation committee of the Board, after consultation with Mr. Bauer.

In addition, subject to Mr. Bauer's continued employment on applicable dates, pursuant to the New Employment Agreement, Mr. Bauer is entitled to receive the following stock options: (i) an option to purchase 75,000 shares of our common stock at an exercise price equal to the fair market value of such shares on the date of grant, vesting as to 25,000 shares subject to such option on January 15, 2009 and 50,000 shares on March 31, 2009, provided that we achieve certain financial milestones set forth in our 2008 Board approved operating plan; (ii) an option to purchase 75,000 shares of our common stock at an exercise price equal to the fair market value of such shares on the date of grant, vesting as to 25,000 shares subject to such option on January 15, 2010 and 50,000 shares on March 31, 2010, provided that we achieve certain financial milestones set forth in our 2009 Board approved operating plan; and (iii) an option to purchase 75,000 shares of our common stock at an exercise price equal to the fair market value of such shares on the date of grant, vesting as to 25,000 shares subject to such option on January 15, 2011 and 50,000 shares on March 31, 2011, provided that we achieve certain financial milestones set forth in our 2010 Board approved operating plan. If the financial milestones are not achieved by Nexxus, a percentage of the applicable stock option may vest, based on the portion of the milestone that was achieved. Pursuant to the New Employment Agreement, options to purchase a total of 19,750 shares vested in January 2009 and

options to purchase a total of 55,250 shares expired unvested in January 2009 because we did not achieve the specified performance milestones.

In the event of termination of Mr. Bauer's employment by us for any reason other than cause or disability, Mr. Bauer will receive twelve months base salary. The New Employment Agreement also contains confidentiality and non-competition provisions.

John C. Oakley joined us as our Chief Financial Officer in June 2007 and resigned in January 2009. Pursuant to the offer letter from us to Mr. Oakley, Mr. Oakley received a base salary of \$155,000 per annum and performance bonus compensation of up to 50% of his base salary. The actual performance bonus payment was based upon our achievement of certain financial and performance objectives. Mr. Oakley did not receive any bonus compensation in the year ended December 31, 2008.

In addition, we granted the following stock options to Mr. Oakley: (i) options to purchase 10,000 shares of our common stock at an exercise price equal to the fair market value of such stock on the date of grant, vesting in equal installments over three years beginning on the date of grant, subject in all instances to Mr. Oakley's continued employment with us on the applicable vesting dates; and (ii) options to purchase 30,000 shares of our common stock at an exercise price equal to the fair market value of such stock on the date of grant. The options to purchase 30,000 shares expired unvested because we did not achieve the specified performance milestone for 2007. The offer letter also provided that as part of our executive management team, Mr. Oakley would be eligible for future stock option grants based on performance.

Mr. Oakley's employment with us was for an unspecified term. In the event of termination of Mr. Oakley's employment by us for any reason other than cause, Mr. Oakley would have received three months base salary, unpaid reimbursable expenses and accrued and unused benefits. The offer letter also provided for the execution by Mr. Oakley of confidentiality and non-competition agreements with us.

Gary R. Langford joined us as our Chief Financial Officer in January 2009. Pursuant to the offer letter from us to Mr. Langford, Mr. Langford receives a base salary of \$150,000 per annum, a monthly car allowance of \$800 and performance bonus compensation of up to 30% of his base salary. The actual performance bonus payment is based upon the Company's achievement of certain financial and performance objectives.

In addition, we granted the following stock options to Mr. Langford on the date Mr. Langford commenced employment with the Company: (i) options to purchase 10,000 shares of the Company's common stock at an exercise price equal to the fair market value of such stock on the date of grant, vesting in equal installments over three years beginning on the first anniversary of the date of grant, subject in all instances to Mr. Langford's continued employment with the Company on the applicable vesting dates; and (ii) options to purchase 30,000 shares of the Company's common stock at an exercise price equal to the fair market value of such stock on the date of grant. Subject to Mr. Langford's continued employment with the Company on the vesting date, the options to purchase 30,000 shares will vest on March 31, 2010, provided that the Company achieves the specified net profit target for 2009. If the financial milestone is not achieved by the Company, a percentage of the option to purchase 30,000 shares may vest, based on the portion of the milestone that is achieved. The offer letter also provides that as part of the Company's executive management team, Mr. Langford will be eligible for future stock option grants based on performance.

Mr. Langford's employment with the Company is for an unspecified term. In the event of termination of Mr. Langford's employment by the Company for any reason other than "cause" (as defined in the offer letter), Mr. Langford shall receive twelve months base salary, unpaid reimbursable expenses and accrued and unused benefits. The offer letter also provides for the execution by Mr. Langford of confidentiality and non-competition agreements with the Company.

We have also entered into employment and non-competition agreements with certain of our key employees, including Carey Burkett, the president of our wholly-owned subsidiary, Lumificent, and Mark Masterman, the president of our pool and spa division. We have no other employment agreements with our employees, although all employees sign confidentiality and non-competition agreements. We have entered into indemnification agreements with our directors and executive officers, which provide that we will indemnify such directors and executive officers against expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by a director or executive officer in connection with any civil or criminal action or administrative proceeding arising out of the performance of his duties as an officer, director, employee or agent of the Company.

## Option Grants in Fiscal Year 2008

The following table provides information on stock options granted under our 2003 Stock Incentive Plan during fiscal year 2008 to the executive officers named in the Summary Compensation Table.

<u>Name</u>	<u>Number of Securities Underlying Options Granted</u>	<u>Percentage of Total Options Granted to Employees in Fiscal Year</u>	<u>Exercise Price per Share</u>	<u>Expiration Date</u>
Michael A. Bauer	75,000	34%	\$ 5.81	02/11/2018
John Oakley	25,000	11%	\$ 5.81	02/11/2018

## Outstanding Equity Awards at 2008 Fiscal Year-End

The following table sets forth the outstanding equity awards at December 31, 2008 for the named executive officers in the Summary Compensation Table:

<u>Name</u>	<u>Number of Securities Underlying Unexercised Options (#) Exercisable</u>	<u>Number of Securities Underlying Unexercised Options (#) Unexercisable</u>	<u>Option Exercise Price (\$)</u>	<u>Option Expiration Date</u>
Michael A. Bauer	10,000 <sup>(1)</sup>		\$ 3.86	10/01/2014
	40,000 <sup>(2)</sup>		\$ 4.30	09/09/2015
	10,000 <sup>(3)</sup>		\$ 3.86	10/01/2014
	50,000 <sup>(4)</sup>		\$ 2.20	11/30/2016
	18,250 <sup>(5)</sup>		\$ 4.30	09/09/2015
	19,750 <sup>(6)</sup>	19,750 <sup>(7)</sup>	\$ 4.30	09/09/2015
John Oakley	6,666 <sup>(8)</sup>	3,334 <sup>(8)</sup>	\$ 4.75	05/15/2017
	6,666 <sup>(9)</sup>	13,334 <sup>(9)</sup>	\$ 4.90	12/19/2017
		7,911 <sup>(10)</sup>	\$ 5.81	02/11/2018

<sup>(1)</sup> Options to purchase 5,000 shares vested on 10/1/04 and 5,000 shares vested on 10/1/05.

<sup>(2)</sup> Fully vested on September 9, 2005.

<sup>(3)</sup> Fully vested on December 31, 2005.

<sup>(4)</sup> Fully vested on December 7, 2006.

<sup>(5)</sup> Fully vested on January 15, 2007.

<sup>(6)</sup> Fully vested on January 15, 2008.

<sup>(7)</sup> Fully vested on January 15, 2009.

<sup>(8)</sup> Options to purchase 3,333 shares vested on the date of grant, 3,333 shares vested on May 15, 2008 and the remaining options to purchase 3,334 shares expired unvested in January 2009 upon Mr. Oakley's resignation.

<sup>(9)</sup> Options to purchase 6,666 shares vested on December 19, 2008 and options to purchase the remaining 13,334 shares expired unvested in January 2009 upon Mr. Oakley's resignation.

<sup>(10)</sup> Fully vested on January 15, 2009.

On December 31, 2008, the last sale price of our common stock reported on the Nasdaq Capital Market was \$7.25.

## Stock Option Plans

### 1994 Stock Option Plan

Until September 2003 when, in connection with adopting the 2003 Stock Incentive Plan, the Board of Directors determined that no further options would be granted under our 1994 Stock Option Plan (the "1994 Plan"), Nexxus Lighting's employees, officers, directors and consultants or advisers were eligible to receive incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended or non-qualified stock options under our 1994 stock option plan (the "1994 Plan"). The 1994 Plan, which expired in January 2004, was administered by the Stock Option Committee of the Board of Directors. There were 450,000 shares of our common stock reserved for issuance under the 1994 Plan. The

purposes of the 1994 Plan were to ensure the retention of existing executive personnel, key employees, directors, consultants and advisors who were expected to contribute to the future growth and success of Nexxus Lighting and to provide additional incentive by permitting such individuals to participate in the ownership of Nexxus Lighting. The criteria utilized by the Committee in granting options pursuant to the 1994 Plan was consistent with these purposes.

Options granted under the 1994 Plan could be either incentive options or non-qualified options. Incentive options granted under the 1994 Plan are exercisable for a period of up to 10 years from the date of grant. No options could be granted under the plan after January 2004. Options could be granted only to such employees, officers, directors, consultants and advisors as the Committee selected from time to time in its sole discretion, but only employees of Nexxus Lighting were eligible to receive incentive options.

An optionee could be granted more than one option under the 1994 Plan. The Committee determined, in its discretion (subject to the terms of the 1994 Plan), who would be granted options, the time or times at which options would be granted, the number of shares subject to each option, whether the options were incentive options or non-qualified options, and the manner in which options could be exercised. In making such determination, consideration was given to the value of the services rendered by the respective individuals, their present and potential contribution to the success of Nexxus Lighting and such other factors deemed relevant in accomplishing the purpose of the 1994 Plan.

#### 2003 Stock Incentive Plan

Nexxus Lighting's employees, officers, directors and consultants or advisors are eligible to receive incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended or non-qualified stock options under our 2003 stock incentive plan (the "2003 Plan"). The 2003 Plan, which expires in September 2013, is administered by the Compensation Committee of the Board of Directors. Subject to stockholder approval at our 2009 annual meeting of stockholders of a Board approved increase in the number of shares reserved for issuance under the 2003 Plan from 670,000 shares to 810,000 shares, there will be 810,000 shares of our common stock reserved for issuance under the 2003 Plan. The purposes of the 2003 Plan are to ensure the retention of existing executive personnel, key employees, directors, consultants and advisors who are expected to contribute to the future growth and success of Nexxus Lighting and to provide additional incentive by permitting such individuals to participate in the ownership of Nexxus Lighting. The criteria utilized by the Committee in granting options pursuant to the 2003 Plan are consistent with these purposes.

Options granted under the 2003 Plan may be either incentive options or non-qualified options. Incentive options granted under the 2003 Plan are exercisable for a period of up to 10 years from the date of grant. No options can be granted under the plan after September 2013. Options may be granted only to such employees, officers, directors, consultants and advisors as the Committee shall select from time to time in its sole discretion, but only employees of Nexxus Lighting shall be eligible to receive incentive options.

An optionee may be granted more than one option under the 2003 Plan. The Committee will, in its discretion, determine (subject to the terms of the 2003 Plan) who will be granted options, the time or times at which options shall be granted, the number of shares subject to each option, whether the options are incentive options or non-qualified options, and the manner in which options may be exercised. In making such determination, consideration may be given to the value of the services rendered by the respective individuals, their present and potential contribution to the success of Nexxus Lighting and such other factors deemed relevant in accomplishing the purpose of the 2003 Plan.

The 2003 Plan may be amended or terminated by the Board of Directors at any time. Any amendment which would increase the aggregate number of shares of common stock as to which options may be granted under the 2003 Plan, materially increase the benefits under the 2003 Plan, or modify the class of persons eligible to receive options under the 2003 Plan shall be subject to the approval of the stockholders of Nexxus Lighting. No amendment or termination may adversely affect any outstanding option without the written consent of the optionee.

## Equity Compensation Plan Information as of December 31, 2008

Plan Category	(a) Number of common shares to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of common shares available for future issuance (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders.....	878,738	\$ 4.68	91,569
Equity compensation plans not approved by stockholders.....	—	—	140,000
Totals	878,738	\$ 4.68	231,569

## Arrangements with Officers and Directors

On November 18, 1999, the Company filed a lawsuit (case number CI-99-9392) (the “Lawsuit”) in the Circuit Court of the 9th Judicial Circuit in and for Orange County Florida against various defendants (the “Wu Defendants”). The Company also pursued litigation against certain parties related to the Wu Defendants (the “Related Litigation”). In June 2003, the Court issued an order of final judgment against all parties in the Lawsuit. Pursuant to the final judgment, the Company was awarded \$38,405,978 and further awarded an additional amount for legal fees and costs of \$834,297. As of the date of entry of the final judgment, these amounts began accruing interest at a rate of six percent per year. As of December 31, 2008, the total amount due including estimated accrued interest was approximately \$53 million. The Company believes that the monetary judgment awarded in the Lawsuit, and any amounts that may be awarded in the Related Litigation, will be very difficult and costly to collect, if collectable at all. The Company may not be successful in collecting any amounts awarded in the Lawsuit or that may be awarded in the Related Litigation. The Company had an agreement with Brett M. Kingstone, the Company’s former Chairman of the Board (the “Participation Agreement”) regarding funding for collection activities in the Lawsuit or Related Litigation (the “Collection Activities”). Mr. Kingstone had the option of providing personal funds (“Kingstone Funds”), or arranging for funds from third parties (“Third Party Funds”), to pursue Collection Activities. As of December 31, 2008, Mr. Kingstone had provided \$350,000 in the form of a Letter of Credit, and arranged for \$350,000 of Third Party Funds, to further the Collection Activities. The Kingstone Funds and Third Party Funds were subsequently returned after being used for bonding in connection with Collection Activities. Mr. Kingstone also notified the Company that he had available, on a standby basis, up to an additional \$3,000,000 of bonding capacity to pursue further Collection Activities. In consideration for providing Kingstone Funds and/or Third Party Funds for Collection Activities, and pursuant to the transition agreement between the Company and Mr. Kingstone dated September 9th, 2005, the Company agreed to pay Mr. Kingstone 50% of amounts actually received by the Company from all Collection Activities less all costs and expenses incurred from time to time by the Company in connection with the Lawsuit, the Related Litigation and the Collection Activities, which have not been recovered by the Company. To date, the Company has incurred approximately \$581,000 in fees and has recovered \$830,000 from Collection Activities. Of the \$830,000 recovered, Mr. Kingstone has been paid a total of \$263,500 pursuant to the Participation Agreement. In March 2009, the Company and Mr. Kingstone terminated the Participation Agreement. Pursuant to an Assignment Agreement dated March 26, 2009 between the Company and B&M Kingstone, LLC (“B&M”), an affiliate of Mr. Kingstone, the Company assigned the final judgment in the Lawsuit to B&M in consideration for \$50,000 and 15% of amounts actually received by B&M from Collection Activities in connection with the Lawsuit and Related Litigation, after expenses. B&M has also agreed to indemnify the Company against any liabilities arising out of Collection Activities. The obligations of B&M under the assignment agreement are guaranteed by Mr. Kingstone.

On September 27, 1996, Nexxus Lighting entered into a lease agreement with Max King Realty, Inc. (“Max King Realty”), an entity controlled by Mr. Kingstone, for approximately 70,000 square feet of warehouse and office space. We began occupying this facility in August 1997. The lease term expired in June 2012. Rental payments for the year ended December 31, 2006 were \$623,041. The lease agreement was approved by all of the disinterested directors of Nexxus Lighting, with Mr. Kingstone abstaining from the vote. At the time we entered into the lease agreement, based on then current economic conditions, the real estate market, and our prospects, we believed that the transaction was on terms, when taken as a whole, no less favorable to Nexxus Lighting than could generally be obtained from unaffiliated third parties.

On November 30, 2006, Nexxus Lighting entered into a new five year operating lease agreement with EastGroup Properties, L.P. The Company leases approximately 34,000 square feet of office, distribution and light manufacturing space

in Orlando, Florida for its new manufacturing facility. In connection with executing the lease for the Company's new facility, on November 29, 2006, the Company entered into a lease termination agreement with Max King Realty to terminate the capital lease with Max King Realty for the Company's existing facility. Max King Realty was willing to accommodate the Company's desire to terminate its obligations under the lease for its current facility by terminating the lease, repaying the third party indebtedness secured by the premises, and selling the premises to an unrelated third party. In connection with accommodating the Company's request for early termination of the lease of its existing facility, Max King Realty incurred a prepayment penalty to a third party lender for the early repayment of the indebtedness secured by the leased premises in an amount equal to approximately \$332,800. The Company agreed to pay Max King Realty the full amount of the prepayment penalty by delivery of an unsecured promissory note in the principal amount of \$332,846, bearing interest at a rate of 7.5% per annum. The promissory note was paid in full in January 2007.

### **Code of Business Conduct and Ethics**

Nexus Lighting has set forth its policy on ethical behavior in a document called "Code of Business Conduct and Ethics." This policy applies to the members of our Board of Directors and all employees, including (but not limited to) our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. This policy comprises written standards that are reasonably designed to deter wrongdoing and to promote the behavior described in Item 406 of Regulation S-K promulgated by the SEC. The text of this code of business conduct and ethics is posted on our internet site at [www.nexuslighting.com](http://www.nexuslighting.com), where we may also disclose any amendments to and waivers of the code.

### **PROPOSAL 1: ELECT SEVEN DIRECTORS**

The Board has nominated seven directors for election at the Annual Meeting to serve until the 2010 Annual Meeting of Stockholders, or until their successors are elected and qualified. All nominees are currently directors of Nexus Lighting.

If any of the nominees should become unavailable, your shares will be voted for a Board-approved substitute, or the Board may reduce the number of directors to be elected. If any director resigns, dies or is otherwise unable to serve out his term, or the Board increases the number of directors, the Board may fill the vacancy until the next annual meeting.

**Michael A. Bauer**  
President and CEO  
Age 44

Effective January 1, 2006, Mr. Bauer became our President and Chief Executive Officer. Mr. Bauer joined the Company in October 2004 as the Company's Vice President of Sales & Marketing and served in that position through December 31, 2005. Mr. Bauer became a director of the Company in January 2006. Prior to joining the Company in 2004, Mr. Bauer served as an executive consultant to General Electric, Lighting Systems division and owned and operated Pro Lighting, Inc., a sports lighting systems supplier. From 2000 to 2002, he served as Vice President of Sales for Lighting Corporation of America, a nine-brand division of US Industries, Inc., based in Spartanburg, South Carolina and from 1998-2000 as Vice President of Sales for Cooper Lighting, a division of Cooper Industries (NYSE: CBE) based in Elk Grove Village, IL. From 1995 to 1998, Mr. Bauer oversaw the Lumark, McGraw-Edison and Cooper Utility brands for Cooper Lighting. Mr. Bauer began his career with General Electric's Lighting Division in 1988 and held various roles in operations, product development and sales management.

**Edgar Protiva**  
Director  
Age 68

Mr. Protiva became a director of Nexus Lighting in March 1994. He is currently engaged in selective merchant banking activities. From 1988 to 2000, he established and managed the North American office of Wendigo Inc., a foreign based equity and property investment company. From 1980 to 1990, he was a general partner of Pro Equities, a venture capital limited partnership which invested in semi-high tech privately-held companies. At Wendigo, Mr. Protiva engaged in developing business plans, served as Chief Financial Officer and Chief Executive Officer on an interim basis and was a member of the board of directors. Also in 1980, Mr. Protiva co-founded Montgomery Associates which offered economic analysis and financial planning for international projects, primarily in the Middle East. After selling his interests in Montgomery Associates, Mr. Protiva established KCL Associates to engage in various merchant banking activities. From 1968 to 1980, Mr. Protiva was engaged in commercial and international banking culminating as VP/Manager of the international division of Union Bank of California, and participating as a guest lecturer at the Institute of Banking and Finance at St. Mary's College in California.

**Brian McCann**  
Director  
Age 43

Mr. McCann became a director of Nexxus Lighting in October 1995. Since 1996, Mr. McCann has held successive positions with ADVA Optical Networking, Inc., a manufacturer of optical networking systems used for high-speed metropolitan area telecommunication and enterprise networks. Mr. McCann served as Chief Marketing and Strategy Officer of ADVA AG Optical Networking and President of ADVA Optical Networking, Inc., the U.S. subsidiary of ADVA AG in Munich, Germany. Prior to joining ADVA Optical Networking in 1996, Mr. McCann was the Director of Sales and Marketing for 3M Corp, Specialty Optical Fiber Group.

**Fritz Zeck**  
Director  
Age 67

Mr. Zeck became a director of Nexxus Lighting in January 1999. From 1994 until retiring in December 2002, Mr. Zeck served as President of Cooper Lighting, Inc., a manufacturer of lighting products. From 1985 until 1994, he served as Vice President of Sales for Cooper Lighting. Mr. Zeck joined Metalux in 1976 where he was Regional Sales Manager for the Central portion of the United States. He founded Lumark Lighting in 1978, which was a division of Metalux.

**Anthony Nicolosi**  
Director  
Age 48

Mr. Anthony Nicolosi became a director of the Company in August 2003. Mr. Nicolosi is the Senior Vice President of Volvo Financial Services LLC, a publicly held company headquartered in Gothenburg, Sweden. Prior to joining Volvo Financial Services LLC, Mr. Nicolosi was the President and Chief Operating Officer for Volvo Finance North America, Inc., a subsidiary of Ford Motor Credit Corporation since 2001. Mr. Nicolosi joined Volvo Finance North America in October 1998, as Vice President Operations. From January 1997 through October 1998, Mr. Nicolosi was General Manager of the New Jersey Market Area with Volvo Cars of North America, Inc. Prior to joining Volvo Cars of North America, Mr. Nicolosi worked for the public accounting firm N.L. Fish & Company of Englewood Cliffs, NJ. Mr. Nicolosi is a member of the American Institute of Certified Public Accountants, the Pennsylvania Institute of Certified Public Accountants, and the New Jersey Society of Certified Public Accountants.

**Michael J. Brown**  
Director  
Age 52

Mr. Brown was elected to the board of directors of the Company in March 2009 to fill a vacancy on the Board. Mr. Brown co-founded Euronet Worldwide, Inc., a leading electronic payments provider, in 1994, and has served as its Chief Executive Officer ever since. He has also been Chairman of Euronet's board of directors since 1997. In 1979, Mr. Brown founded Innovative Software, which merged in 1988 with Informix, a leading provider of advanced database software technology. During his time at Informix, Mr. Brown served as President and Chief Operating Officer as well as President of the workstation products division. In 1993, Mr. Brown was a founding investor of Visual Tools, a company that writes and markets component software for the Visual Basic and Visual C++ developer market. Sybase Software acquired Visual Tools in 1996. Mr. Brown received a Master of Science in molecular and cellular biology at the University of Missouri-Kansas City in 1997 and a Bachelor of Science in electrical engineering from the University of Missouri-Columbia in 1979. In addition to serving as Chairman of Euronet's board of directors, Mr. Brown serves on the boards of Bank of Blue Valley, Kansas and Greater Kansas City Community Foundation.

**Chris Richardson**  
Director  
Age 64

Mr. Richardson was elected to the board of directors of the Company in March 2009 to fill a vacancy on the Board. Mr. Richardson served as Chairman, President and Chief Executive Officer of Schneider Electric's North American Operating Division, which included the Square D brand of electrical distribution products, from 1999 until retiring in 2004. Mr. Richardson continued to serve as a director on the Schneider Electric SA (Paris Stock Exchange: SU.PA) board of directors until 2006. Prior to being named Chief Executive Officer of Schneider Electric's North American Operating Division, Mr. Richardson served as President and Chief Operating Officer from 1997 to 1999 and Vice President of Operations from 1995 to 1997. Mr. Richardson has also served as Vice President and General Manager for Square D's UPS Strategic Business Segment and as President of EPE Technologies. Mr. Richardson is a U.S. Air Force/Vietnam War Veteran and graduated with a Bachelor of Science from Iowa State University in 1971.

**THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF ALL SEVEN  
NOMINEES FOR DIRECTOR.**

## PROPOSAL 2: APPROVE AMENDMENT TO 2003 STOCK INCENTIVE PLAN

The Board of Directors of the Company is recommending that the stockholders approve an amendment to the 2003 Stock Incentive Plan (the "2003 Plan"), as described below.

### Description of Amendment to the 2003 Plan

On June 26, 2008, the Board of Directors, upon the unanimous recommendation of the Stock Option and Compensation Committees of the Board of Directors (together, the "Committee"), approved, subject to stockholder approval, an amendment (the "2008 Amendment") to the 2003 Plan (the "Amended Plan"). The proposed 2008 Amendment would increase the number of shares of common stock available for issuance under the 2003 Plan by 140,000 shares, so that an aggregate of 810,000 shares of common stock would be available for grant under the Amended Plan. In all other respects, the 2003 Plan would remain unchanged.

In making its recommendation to the Board of Directors, the Committee considered the recent history of the Company's discretionary option grants under the 2003 Plan, the intended purpose of the 2003 Plan, a comparative analysis of other companies in the lighting industry and companies of similar size, and the total number of shares that would be reserved for issuance under the Amended Plan (representing approximately 10% of the currently outstanding shares of common stock).

The Company currently grants stock options to directors, consultants and a broad group of employees, including executive officers, to align their interests with those of stockholders. In addition, we plan to explore potential strategic acquisitions that could expand our product and technology platform as it relates to advanced lighting systems. Although we currently have no commitments or agreements to make any acquisitions, any such acquisitions could potentially increase the employee population. An increase in the number of employees who will be eligible to receive stock option grants will require a larger share reserve under the 2003 Plan than is currently available. As of December 31, 2008, there were 231,569 shares of common stock available for future grant under the 2003 Plan, assuming stockholder approval of the proposed 140,000 increase in the number of shares of common stock available for issuance.

The 2003 Plan is intended to attract and retain the best available personnel for positions of substantial responsibility, including directors, executives and other employees, and consultants and advisors of the Company and its affiliates who are experienced in the lighting industry and in running growing businesses. The 2003 Plan also provides additional incentive to such persons to act with the long-term perspective necessary to promote the continued success of the Company's business. We believe that by providing directors, executives and other employees, and consultants and advisors of the Company and its affiliates a direct stake in the Company's welfare, stock options encourage them to focus on enhancing the value of our stockholders' investments and assure a closer identification of their interests with those of the Company and its stockholders.

Initially, the 2003 Plan authorized the issuance of 450,000 shares of common stock. The 2003 Plan was subsequently amended to increase the number of shares reserved for issuance thereunder to 670,000, and amended further during 2008 to increase the number of shares reserved for issuance thereunder to 810,000 subject to stockholder approval, of which 231,569 shares of common stock remained available for issuance as of December 31, 2008 (assuming stockholder approval of the proposed increase in the number of shares of common stock available for issuance). The Board of Directors believes that the increase in the aggregate number of common shares available for future grants under the 2003 Plan is appropriate to permit the continued grant of options to directors, executives and other employees, and consultants and advisors of the Company and its affiliates. The 2008 Amendment has been adopted and approved by the Board of Directors; however, if the 2008 Amendment is not approved by the stockholders, the 2008 Amendment will not become effective and the amount of common shares available for issuance under the 2003 Plan will remain at 670,000, and in such case, the number of shares available for future grant under the 2003 Plan will be 91,569.

### Summary Description of 2003 Stock Incentive Plan

The following summary of the Amended Plan is not intended to be complete and is qualified in its entirety by reference to the 2003 Plan, a copy of which may be obtained from the Company upon written request. The full text of the 2008 Amendment is set forth in Annex A hereto.

On September 18, 2003, the Board of Directors adopted the 2003 Plan, subject to approval by the Company's stockholders.

**Purposes.** The purpose of the 2003 Plan is to promote the long-term success of the Company and the creation of stockholder value by (i) encouraging employees, non-employee directors and consultants to focus on critical long-range

objectives, (ii) encouraging the attraction and retention of employees, non-employee directors and consultants with exceptional qualifications and (ii) linking employees, non-employee directors and consultants directly to stockholder interests through increased stock ownership. The 2003 Plan seeks to achieve this purpose by providing for awards in the form of options (which may constitute incentive stock options (“ISO”) or nonstatutory stock options (“NSO”)).

**Administration and Duration.** The 2003 Plan is administered by a committee of the Board (the “Committee”) or the Board acting as the Committee. The Committee shall consist exclusively of two or more directors of the Company, who shall be appointed by the Board. The Committee (i) selects the employees, non-employee directors, consultants and advisors (“Participants”) who are to receive incentive stock options or non-statutory stock options (“Awards”) entitling the holder to purchase the Company’s common stock (“Common Shares”) under the 2003 Plan, (ii) determines the type, number, vesting requirements and other features and conditions of such Awards, (iii) interprets the 2003 Plan and (iv) makes all other decisions relating to the operation of the 2003 Plan. The Committee may adopt such rules or guidelines as it deems appropriate to implement the 2003 Plan. The Committee’s determinations under the 2003 Plan are final and binding on all persons. The Board of Directors may, at any time and for any reason, terminate the 2003 Plan, except that no ISOs may be granted on or after the 10th anniversary of the later of (a) September 18, 2003 or (b) the date when the Board adopted the most recent increase in the number of Common Shares available under the 2003 Plan that was approved by the Company’s stockholders.

**Limit on Awards under the 2003 Plan.** The maximum number of Common Shares as to which stock options may be granted under the 2003 Plan as proposed to be amended is 810,000 (subject to adjustment as set forth below). Awards granted to any Participant in a single fiscal year of the Company shall not cover more than 75,000 Common Shares, except that Awards granted to a new employee in the fiscal year of the Company in which his or her service first commences shall not cover more than 100,000 Common Shares. The Common Shares to be delivered under the 2003 Plan may be authorized but unissued shares or treasury shares. If Awards are forfeited or terminate for any reason before being exercised, then the corresponding Common Shares shall again become available for the grant of Awards under the 2003 Plan. If Common Shares issued upon the exercise of Awards are forfeited, then such Common Shares shall again become available for the grant of NSOs under the 2003 Plan.

**Eligibility.** All employees, non-employee directors, consultants and advisors of the Company and its affiliates (aggregating approximately 65 persons at March 17, 2009) are eligible to participate in the 2003 Plan. From time to time, the Committee will select the employees, non-employee directors, consultants and advisors who are to receive Awards under the 2003 Plan and determine the type, number, vesting requirements and other features and conditions of such Awards.

**Grant of Options.** Options granted under the 2003 Plan may be either non-qualified stock options or incentive stock options qualifying under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). The exercise price of any ISO granted may not be less than the fair market value of the Common Shares on the date the option is granted. In the case of an NSO, the exercise price may vary in accordance with a predetermined formula set forth in the stock option agreement. The exercise price is payable in cash or, if the grant provides, in Common Shares. The 2003 Plan allows the Committee to make unvested stock options immediately exercisable upon a change of control of the Company.

Generally, all ISO’s terminate after a ten-year period from the date of the grant; however, an ISO may be exercisable for a period of up to ten years and six months, if necessary, to conform with or take advantage of certain governmental requirements, statutes or regulations.

The Committee determines the terms of each stock option grant at the time of the grant.

**Transferability.** Unless otherwise determined by the Committee, awards granted under the 2003 Plan may not be transferred except by will or the laws of descent and distribution and, during his or her lifetime, any Awards may be exercised only by the Participant.

**Certain Adjustments.** In the event of a subdivision of outstanding Common Shares, a declaration of a dividend payable in Common Shares or a combination or consolidation of outstanding Common Shares (by reclassification or otherwise) into a lesser number of Common Shares, corresponding adjustments shall automatically be made in each of the following: (i) the number of options available for future Awards under the 2003 Plan; (ii) the number of Common Shares covered by each outstanding option and the share limits set forth in the 2003 Plan; (iii) the number of Common Shares included in the options that will automatically be granted to non-employee directors under the 2003 Plan; and (iv) the exercise price for each outstanding option. To the extent not previously exercised, options will terminate immediately prior to the dissolution or liquidation of the Company.

**Reorganizations.** In the event that the Company is a party to a merger or other reorganization, outstanding options shall be subject to the agreement of merger or reorganization. Such agreement may, but shall not be required to, provide for (i) the continuation of the outstanding Awards by the Company, if the Company is a surviving corporation, (ii) the assumption of the outstanding Awards by the surviving corporation or its parent or subsidiary, (iii) the substitution by the surviving corporation or its parent or subsidiary of its own awards for the outstanding Awards, (iv) full exercisability or vesting and accelerated expiration of the outstanding Awards or (v) settlement of the full value of the outstanding Awards in cash or cash equivalents followed by cancellation of such Awards.

**Amendment or Termination.** The Board of Directors may, at any time and for any reason, amend or terminate the 2003 Plan. An amendment of the 2003 Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules. No Awards may be granted under the 2003 Plan after the termination thereof. The termination of the 2003 Plan, or any amendment thereof, shall not affect any Award previously granted under the 2003 Plan.

**Awards to be Granted to Certain Individuals and Groups.** The nature and type of Awards that employees, non-employee directors, consultants and advisors may receive under the 2003 Plan in the future is in the discretion of the Committee and therefore cannot be determined in advance, except that the 2003 Plan provides that each non-employee director shall receive a one-time grant of a NSO covering 6,000 Common Shares when he or she first becomes a member of the Board of Directors. Each such NSO will be granted on the date when such non-employee director first joins the Board and will become exercisable in full six months after the date of grant. Notwithstanding the terms of the 2003 Plan, the Board did not grant options to Messrs. Brown and Richardson upon joining the Board in March 2009. A non-employee director who previously was an employee of the Company will not receive a grant under this provision unless otherwise determined by the Committee. In addition, the 2003 Plan provides that upon the conclusion of each regular annual meeting of the Company's stockholders held in the year 2004 or thereafter, each non-employee director who will continue serving as a member of the Board thereafter shall receive an NSO covering 4,000 Common Shares (increased to 8,000 Common Shares by resolution of the Board without amending the 2003 Plan). The 2003 Plan provides that such NSOs will become exercisable in full six months after the date of grant (all of the options granted in connection with the 2008 annual stockholders meeting vest 50% six months after issuance and the remaining 50% one year after issuance). Also, the chairperson of the Audit Committee receives an additional annual grant of options to purchase 4,000 Common Shares and each of the chairpersons of the Strategic Initiatives Committee and the Compensation Committee receives an additional annual grant of options to purchase 2,000 Common Shares. A non-employee director who previously was an employee is eligible to receive grants under this provision. The exercise price under all NSOs automatically granted to a non-employee director shall be equal to 100% of the fair market value of a Common Share on the date of grant. All NSOs automatically granted to a non-employee director shall terminate on the 10th anniversary of the date of grant. The Committee may provide that the NSOs that otherwise would be automatically granted to a non-employee director shall instead be granted to an affiliate of such non-employee director. Such affiliate shall then be deemed to be a non-employee director for purposes of the 2003 Plan, provided that the service-related vesting and termination provisions pertaining to the NSOs shall be applied with regard to the service of the non-employee director.

Except as set forth above with respect to our non-employee directors, as of the date of this proxy statement, there has been no determination by the Committee with respect to future awards under the 2003 Plan except pursuant to the New Employment Agreement between the Company and Michael A. Bauer. Subject to Mr. Bauer's continued employment on applicable dates, pursuant to the New Employment Agreement, Mr. Bauer is entitled to receive the following stock options: (i) an option to purchase 75,000 shares of our common stock at an exercise price equal to the fair market value of such shares on the date of grant, vesting as to 25,000 shares subject to such option on January 15, 2010 and 50,000 shares on March 31, 2010, provided that we achieve certain financial milestones set forth in our 2009 Board approved operating plan; and (ii) an option to purchase 75,000 shares of our common stock at an exercise price equal to the fair market value of such shares on the date of grant, vesting as to 25,000 shares subject to such option on January 15, 2011 and 50,000 shares on March 31, 2011, provided that we achieve certain financial milestones set forth in our 2010 Board approved operating plan. If the financial milestones are not achieved by Nexxus, a percentage of the applicable stock option may vest, based on the portion of the milestone that was achieved.

The following table, sets forth information with respect to the grant of Awards under the 2003 Plan to the executive officers named in the Summary Compensation Table above, to all current executive officers as a group, to all non-employee directors as a group and to all other employees as a group during the year ended December 31, 2008:

<b>Name and Position</b>	<b>Weighted Average Exercise Price Per Share \$</b>	<b>Number of Shares Underlying Options Granted</b>
Michael A. Bauer, President and Chief Executive Officer	\$5.81	75,000
All current executive officers as a group (2 persons)	\$5.81	100,000
All current non-employee directors as a group (6 persons)	\$8.30	55,000
All employees, excluding executive officers, as a group	\$7.49	64,450

#### U.S. Tax Treatment of Options

##### *Incentive Stock Options*

An incentive stock option results in no taxable income to the optionee or a deduction to the Company at the time it is granted or exercised. However, the excess of the fair market value of the shares acquired upon exercise of the ISO over the exercise price is an item of adjustment in computing the alternative minimum taxable income of the optionee. If the optionee holds the stock received as a result of an exercise of an incentive stock option for at least two years from the date of the grant and one year from the date of exercise, then the gain realized on disposition of the stock is treated as a long-term capital gain. If the shares are disposed of during this period, however, (i.e., a “disqualifying disposition”), then the optionee will include in income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the shares, upon exercise of the option over the exercise price (or, if less, the excess of the amount realized upon disposition over the exercise price). The excess, if any, of the sale price over the fair market value on the date of exercise will be a short-term capital gain. In such case, the Company will be entitled to a deduction, in the year of such a disposition, for the amount includible in the optionee’s income as compensation. The optionee’s basis in the shares acquired upon exercise of an incentive stock option is equal to the exercise price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

##### *Non-Qualified Stock Options*

A non-qualified stock option results in no taxable income to the optionee or deduction to the Company at the time it is granted. An optionee exercising such an option will, at that time, realize taxable compensation in the amount of the difference between the exercise price and the then market value of the shares. Subject to the applicable provisions of the Code, a deduction for federal income tax purposes will be allowable to the Company in the year of exercise in an amount equal to the taxable compensation realized by the optionee. The optionee’s basis in such shares is equal to the sum of the exercise price plus the amount includible in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the shares will be a long-term or short-term gain (or loss), depending upon the holding period of the shares. If a non-qualified option is exercised by tendering previously owned shares of the Company’s common stock in payment of the option price, then, instead of the treatment described above, the following will apply: a number of new shares equal to the number of previously owned shares tendered will be considered to have been received in a tax-free exchange; the optionee’s basis and holding period for such number of new shares will be equal to the basis and holding period of the previously owned shares exchanged. The optionee will have compensation income equal to the fair market value on the date of exercise of the number of new shares received in excess of such number of exchanged shares; the optionee’s basis in such excess shares will be equal to the amount of such compensation income, and the holding period in such shares will begin on the date of exercise.

##### *Certain Limitations on Deductibility of Executive Compensation*

Section 162(m) of the Code generally disallows a tax deduction for the annual compensation in excess of \$1 million paid to each of the chief executive officer and the other four most highly compensated officers of a company. Compensation which qualifies as performance-based compensation is not included in applying this limitation. Under the

2003 Plan, the Committee may, but is not required to, grant awards that satisfy the requirements to constitute performance-based compensation.

For purposes of this summary, we have assumed that no Award will be considered “deferred compensation” as that term is defined for purposes of the federal tax rules governing nonqualified deferred compensation arrangements, Section 409A of the Code, or, if any Award were considered to any extent to constitute deferred compensation, its terms would comply with the requirements of these tax rules (in general, by limiting any flexibility in the time of payment). For example, the award of a non-qualified stock option with an exercise price which is less than the market value of the stock covered by the option would constitute deferred compensation. If an Award includes deferred compensation, and its terms do not comply with the requirements of these tax rules, then any deferred compensation component of the Award will be taxable when it is earned and vested (even if not then payable) and the recipient will be subject to a 20% additional tax.

In all cases, recipients of Awards should consult their tax advisors regarding the tax treatment of any Awards received by them.

#### Tax Treatment of Awards to Non-Employee Directors and to Employees Outside the United States

The grant and exercise of options and awards under the 2003 Plan to non-employee directors and to employees outside the United States may be taxed on a different basis.

Our common stock is listed on The Nasdaq Capital Market under the symbol “NEXS.” On April 17, 2009 the last reported sale price of our common stock reported on The Nasdaq Capital Market was \$5.86.

**THE BOARD RECOMMENDS A VOTE “FOR” APPROVAL OF THE AMENDMENT TO OUR 2003 STOCK INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES AUTHORIZED FOR ISSUANCE.**

#### **PROPOSAL 3: RATIFY APPOINTMENT OF INDEPENDENT AUDITORS FOR 2009**

We are asking you to ratify the Board’s appointment of Cross, Fernandez & Riley, LLP, independent registered public accountants, as our independent auditors for fiscal year 2009. The Audit Committee recommended the selection of Cross, Fernandez & Riley, LLP to the Board. Cross, Fernandez & Riley, LLP has served as our independent auditors since October 2001.

Representatives of Cross, Fernandez & Riley, LLP are expected to attend the annual meeting and be available to respond to appropriate questions. They will also have the opportunity to make a statement if they desire.

**THE BOARD RECOMMENDS A VOTE “FOR” RATIFICATION OF THE APPOINTMENT OF CROSS, FERNANDEZ & RILEY, LLP AS THE INDEPENDENT AUDITORS FOR NEXXUS LIGHTING.**

## INDEPENDENT PUBLIC ACCOUNTANTS

### Audit and Non-Audit Fees

The following table presents fees for professional audit services rendered by Cross, Fernandez & Riley, LLP for the audit of the Company's annual financial statements for the years ended December 31, 2008 and 2007, and fees billed for other services rendered by Cross, Fernandez & Riley, LLP during those periods.

	<u>2008</u>	<u>2007</u>
<b>Audit fees:</b> <sup>1</sup>	\$ 213,134	\$ 176,731
<b>Audit related fees:</b> <sup>2</sup>	3,439	71,604
<b>Tax fees:</b> <sup>3</sup>	8,700	9,026
<b>All other fees:</b>	<u>0</u>	<u>3,848</u>
<b>Total</b>	\$ 225,273	\$ 261,209

(1) Audit fees consisted principally of services rendered for the audit of the Company's annual financial statements included in the Company's Annual Report on Form 10-K and review of the interim financial statements included in the Company's Quarterly Reports on Form 10-Q filed during the years ended December 31, 2008 and 2007 and for review of other documents filed with the Securities and Exchange Commission during those fiscal years.

(2) Audit related fees during the fiscal year ended December 31, 2008 and 2007 consisted primarily of services related to due diligence in connection with mergers and acquisitions as well as audit and review of acquisition targets.

(3) Tax fees consisted principally of corporate income tax compliance and reporting and global tax planning services for the years ended December 31, 2008 and 2007.

### Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

Consistent with Securities and Exchange Commission policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

Prior to engagement of the independent auditor for the next year's audit, management will submit a list of services and related fees expected to be rendered during that year within each of four categories of services to the Audit Committee for approval.

1. **Audit** services include audit and review work performed on the annual and quarterly financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, review of SEC filings, and discussions surrounding the proper application of financial accounting and/or reporting standards.
2. **Audit-Related** services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.
3. **Tax** services include all services, except those services specifically related to the audit of the financial statements, performed by the independent auditor's tax personnel, including tax analysis; assisting with coordination of execution of tax related activities, primarily in the area of corporate development; supporting other tax related regulatory requirements; and tax compliance and reporting.
4. **Other Fees** are those associated with services not captured in the other categories. The Company generally doesn't request such services from the independent auditor.

Prior to engagement, the Audit Committee pre-approves independent auditor services within each category. The fees are budgeted and the Audit Committee requires the independent auditor and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor.

The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

### **AUDIT COMMITTEE REPORT**

In connection with the preparation and filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2008:

- The Audit Committee reviewed and discussed the audited financial statements with management;
- The Audit Committee discussed with the independent auditors the matters required to be discussed by SAS 61 and SAS 112; and
- The Audit Committee received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1 (Independence Standards Board No 1., Independence Discussions with the Audit Committee) and discussed with the independent auditors the independent auditors' independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors of the Company that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 for filing with the Securities and Exchange Commission.

Anthony Nicolosi  
Fritz Zeck  
Edgar Protiva

### **Other Matters**

Management does not know of any matters to be presented for action at the meeting other than the election of directors and the ratification of the independent auditors as further described in the Notice of Annual Meeting of Stockholders. However, if any other matters come before the Annual Meeting, it is intended that the holders of the proxies will vote thereon in their discretion.

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission. You may read our SEC filings over the internet at the SEC's website at <http://www.sec.gov>. You may also read and copy documents at the SEC's public reference room at Room 1580, 100 F Street, NE, Washington, D.C. 20549.

We are delivering our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 with this proxy statement, form of proxy and notice of annual meeting of stockholders. Upon request, we will provide copies of the exhibits to the Annual Report on Form 10-K at no additional cost. All requests for copies should be directed to our President and Chief Executive Officer at Nexxus Lighting, Inc., 124 Floyd Smith Drive, Suite 300, Charlotte, North Carolina 28262.

### **Information About Stockholder Proposals**

Any stockholder who desires to present a proposal qualified for inclusion in our proxy materials relating to our 2010 Annual Meeting must forward the proposal to the Corporate Secretary at the address set forth below in time to arrive at our offices no later than December 30, 2009. This deadline will change in accordance with the rules and regulations promulgated by the Securities and Exchange Commission if the date of the 2010 Annual Meeting is 30 calendar days earlier or later than May 21, 2009. The notice provided by the stockholder must contain:

- a complete and accurate description of the proposal;
- a statement that the stockholder (or the stockholder's legal representative) intends to attend the meeting and present the proposal and that the stockholder intends to hold of record securities entitled to vote at the meeting through the meeting date;

- the stockholder's name and address and the number of shares of our voting securities that the stockholder holds of record and beneficially as of the notice date; and
- a complete and accurate description of any material interest of such stockholder in such proposal.

Stockholders who intend to present a proposal at the Company's 2010 Annual Meeting of Stockholders without inclusion of such proposal in the Company's proxy materials are required to provide notice of such proposal to the Company no later than March 15, 2010.

All stockholder proposals are subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934, as amended (regardless of whether included in the proxy materials), and applicable Delaware law.

If you wish to submit a stockholder proposal for the 2010 Annual Meeting of Stockholders or if you would like a copy of our Bylaws (without charge), please write to the Corporate Secretary, Nexxus Lighting, 124 Floyd Smith Drive, Suite 300, Charlotte, North Carolina 28262.

### **Communications to the Board**

Stockholders may communicate with the Nexxus Lighting Board of Directors by mailing a communication to the entire Board or to one or more individual directors, in care of the Corporate Secretary, Nexxus Lighting, Inc., 124 Floyd Smith Drive, Suite 300, Charlotte, North Carolina 28262. All communications from stockholders to Board members (other than communications soliciting the purchase of products and services) will be promptly relayed to the Board members to whom the communication is addressed.

By order of the Board of Directors,



Michael A. Bauer,  
President and Chief Executive Officer

April 27, 2009

**Annex A**

**Amendment to the Nexxus Lighting, Inc.  
2003 Stock Incentive Plan**

**WHEREAS**, the Nexxus Lighting, Inc. 2003 Stock Incentive Plan (the “Plan”) is currently in effect; and

**WHEREAS**, Nexxus Lighting, Inc. (the “Company”) wishes to amend the Plan.

**NOW, THEREFORE**, subject to approval of the Company’s stockholders, the Plan is hereby amended effective June 26, 2008 as follows:

1. Section 3.1 of the Plan is hereby amended in its entirety by deleting all of its text, and replacing it with the following text:

“**3.1 Basic Limitation.** Common Shares issued pursuant to the Plan may be authorized but unissued shares or treasury shares. The aggregate number of Options awarded under the Plan shall not exceed (a) 810,000 plus (b) the additional Common Shares described in Section 3.2. The limitations of this Section 3.1 shall be subject to adjustment pursuant to Article 8.”