



ecosPHERE
TECHNOLOGIES INC.

Solving the
World's Water
Challenges.

Q3 2012 Earnings Report
November 8, 2012





Cautionary Statements Regarding Forward-Looking Information:

This presentation contains forward-looking statements including statements regarding our 2012 forecast and financial outlook, 2013 royalties, market opportunities and future potential verticals for our patented Ozonix® advanced oxidation technology. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include a decline in the price of natural gas, the ability of Ecosphere or a partner to expand the Ozonix® technology outside of the United States, the ability to locate new partners to finance the use of our technology in other markets and our ability to reach definitive agreements with new partners, reluctance of businesses to change to new technologies, international regulations which affect hydraulic fracturing, federal or state regulations which affect hydraulic fracturing, problems that arise from the manufacturing of the Ozonix® units and delays in receipt of parts from component manufacturers.

Further information on Ecosphere’s risk factors is contained in its filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 31, 2011. Any forward-looking statement made by us speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.



Ecosphere Technologies Inc. | Open Innovation Model



Step 1

Identify an Environmental Challenge



Step 2

Invent New Technologies & File Patents



Step 3

Partner with Industry Leaders



Step 4

Commercialize the Technology



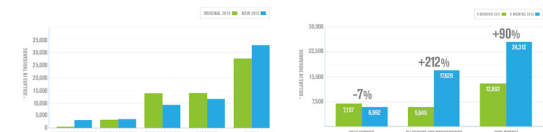
Step 5

Sell or License the Technology



Step 6

Increase Shareholder Value





A Preferred Business Model

- Ecosphere's proven "Open Innovation" business model is an intellectual property licensing model
- As indicated by the MIT Sloan School of Management, investors value intellectual property licensing business models more highly than others
- Ecosphere's business is: IP-Heavy, Capital-Light



CORPORATE STRATEGY, MIT AUTHORS

The Business Models Investors Prefer

By Peter Weill, Thomas W. Malone and Thomas G. Appel

June 22, 2011

New research suggests that the stock market particularly values business models based on innovation and intellectual property.

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WHY ARE INVESTORS so bullish on companies like Apple and Disney? Is it financial metrics, great management, industry prowess, good investor relations or good timing? Probably all of these. But something else may be at work, too. In research we conducted at the MIT Sloan School of Management, we found that the stock market consistently values certain types of business models more highly than others. Specifically, we found that in recent years, investors have favored business models focusing on licensing intellectual property (such as Walt Disney's business model) and a certain kind of highly innovative manufacturing (such as Apple's).



Image courtesy of Flickr user





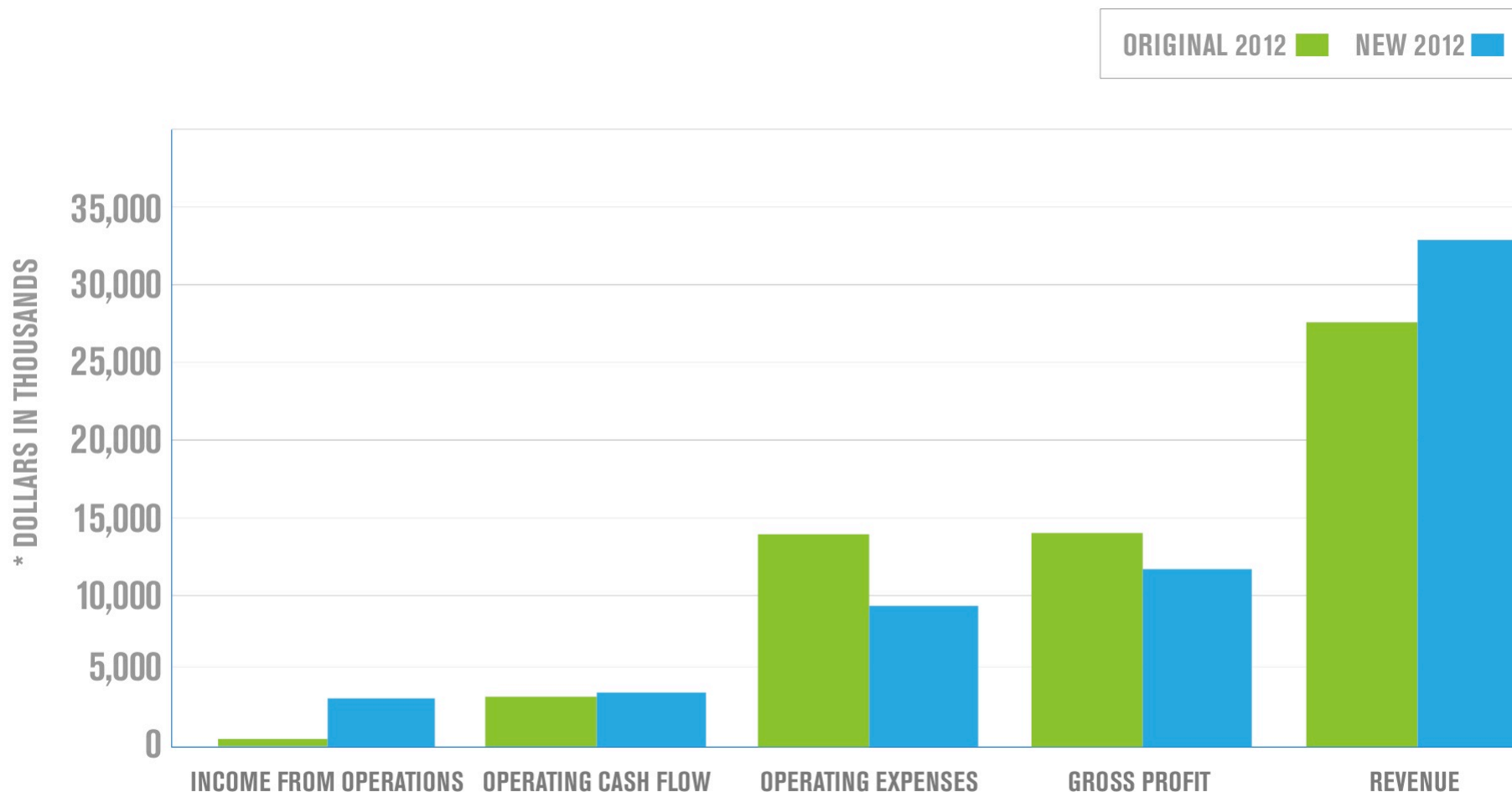
High Value IP Business Models

- ESPH's business model is a combination of IP licensing and innovative manufacturing
- IP licensing revenue is extremely high margin
- Pure IP licensing companies command some of the highest valuations in the market
- IP licensing valuation should be a key element of ESPH's valuation



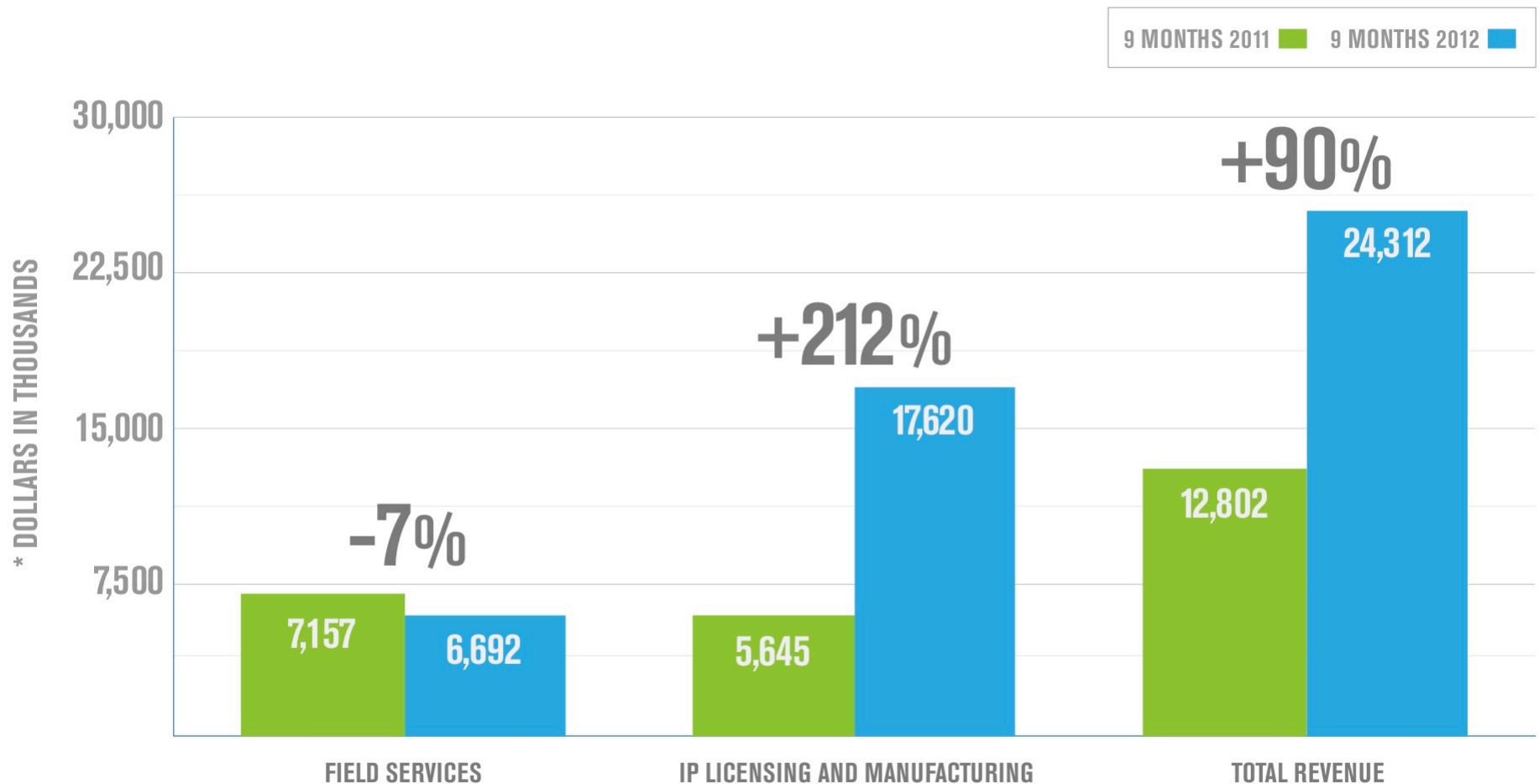


Raising 2012 Guidance



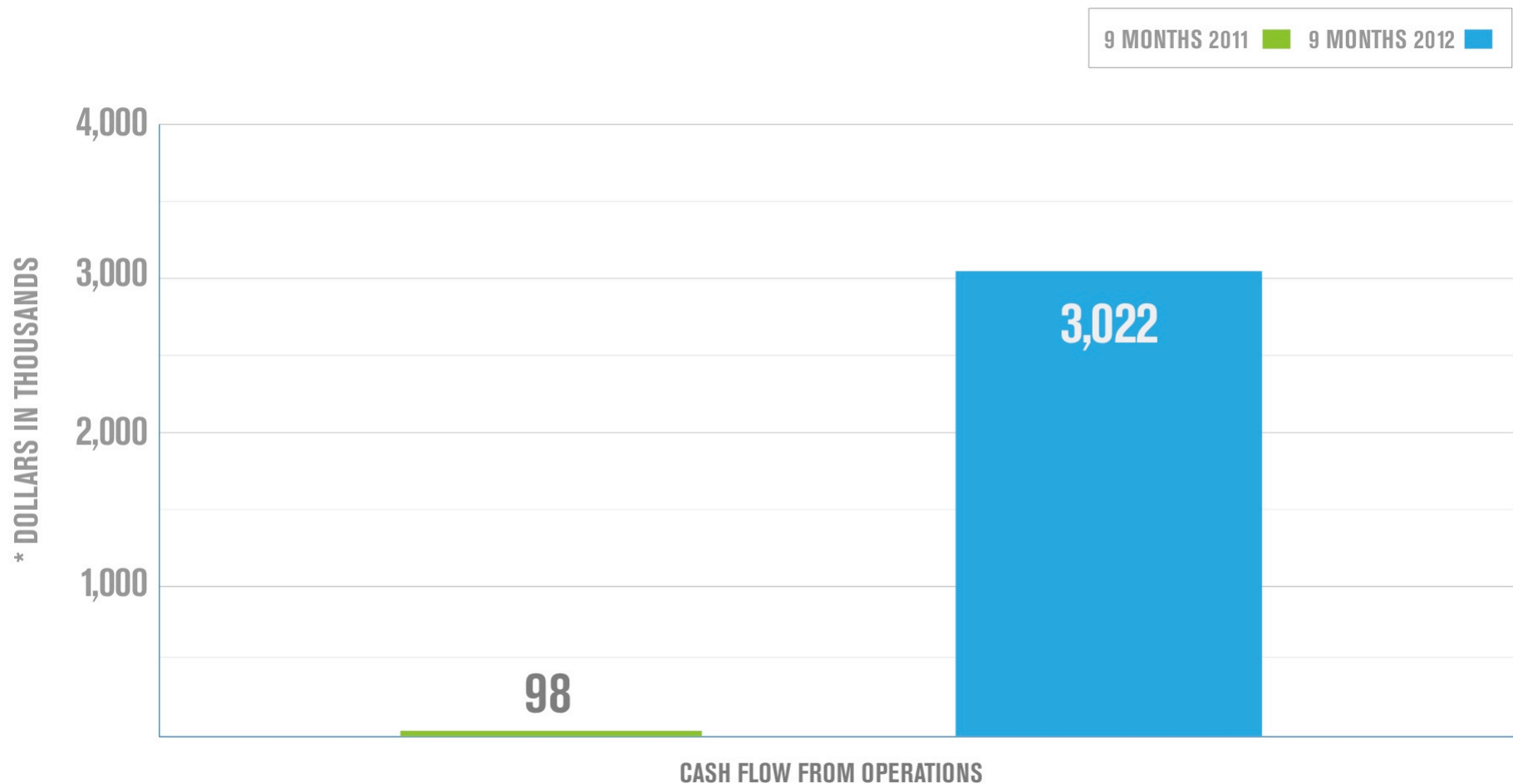


Nine Month YTD Revenue Up 90%



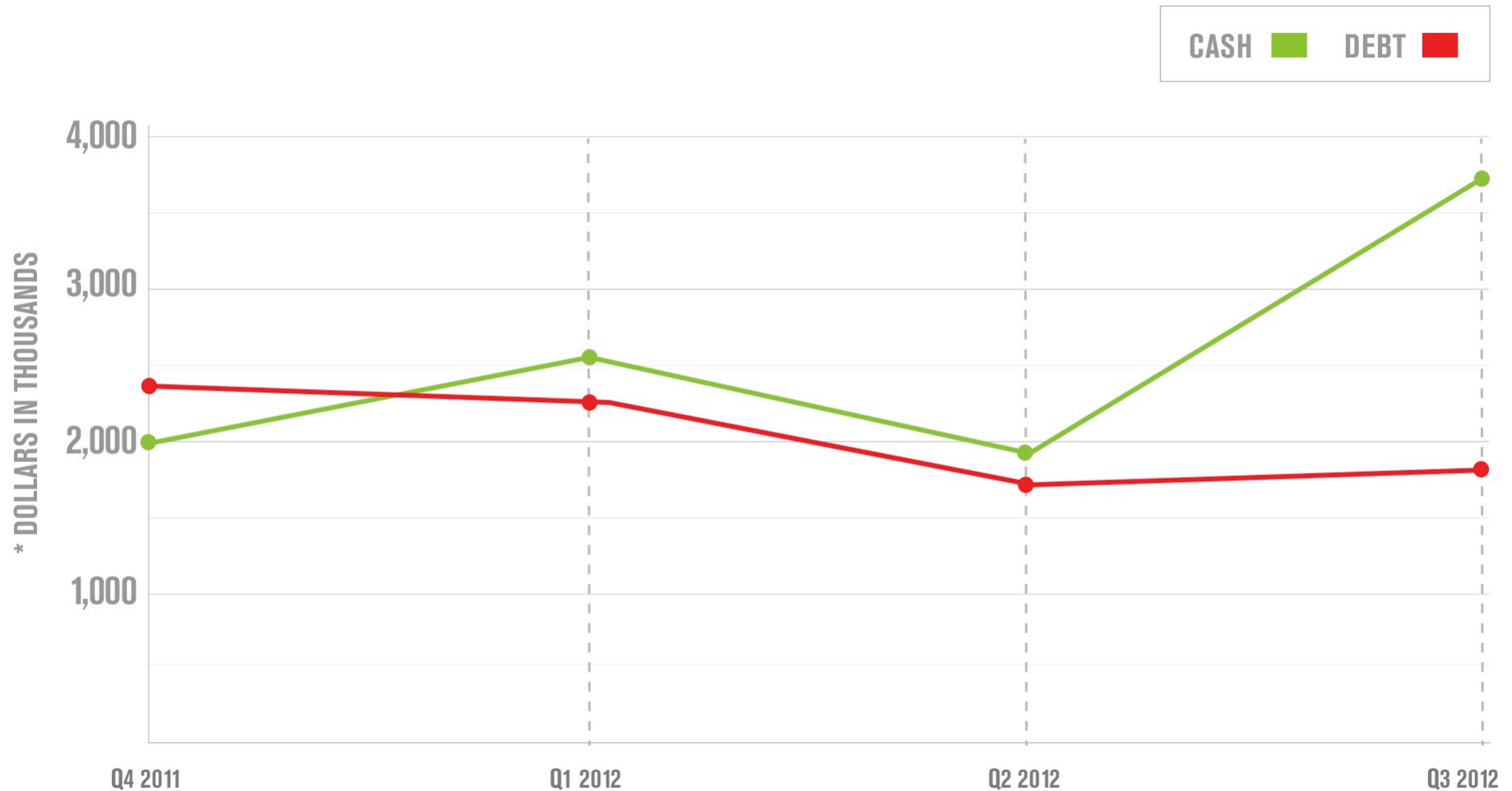


Strong YTD Operating Cash Flow





Balance Sheet: Cash Up, Debt Down

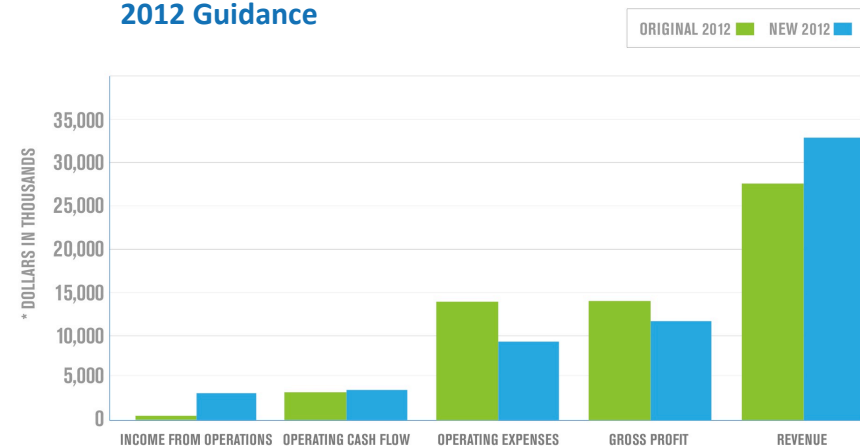




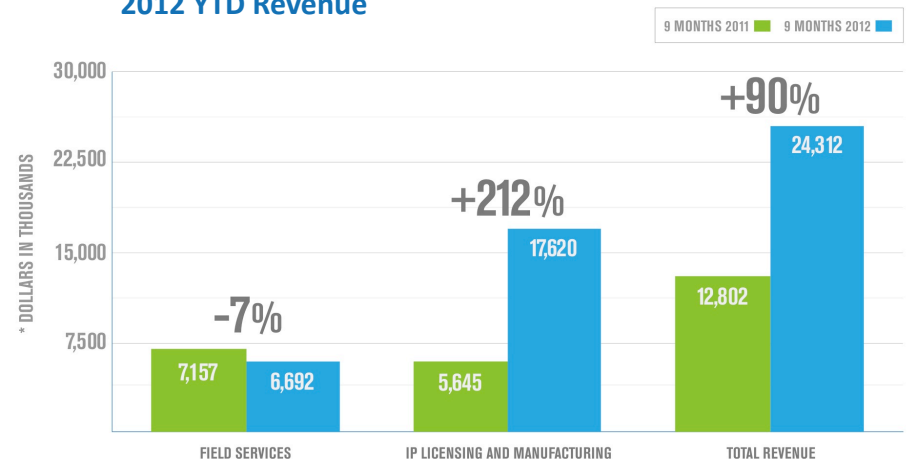
Strong Financial Results

- Consistent revenue growth
- Expanded margins
- Controlled SG&A
- Three quarters of net income
- Generated over \$3 million of operating cash flow
- Increased balance sheet
- Reduced debt

2012 Guidance



2012 YTD Revenue





20 Year U.S. Oil and Gas Licensing Agreement

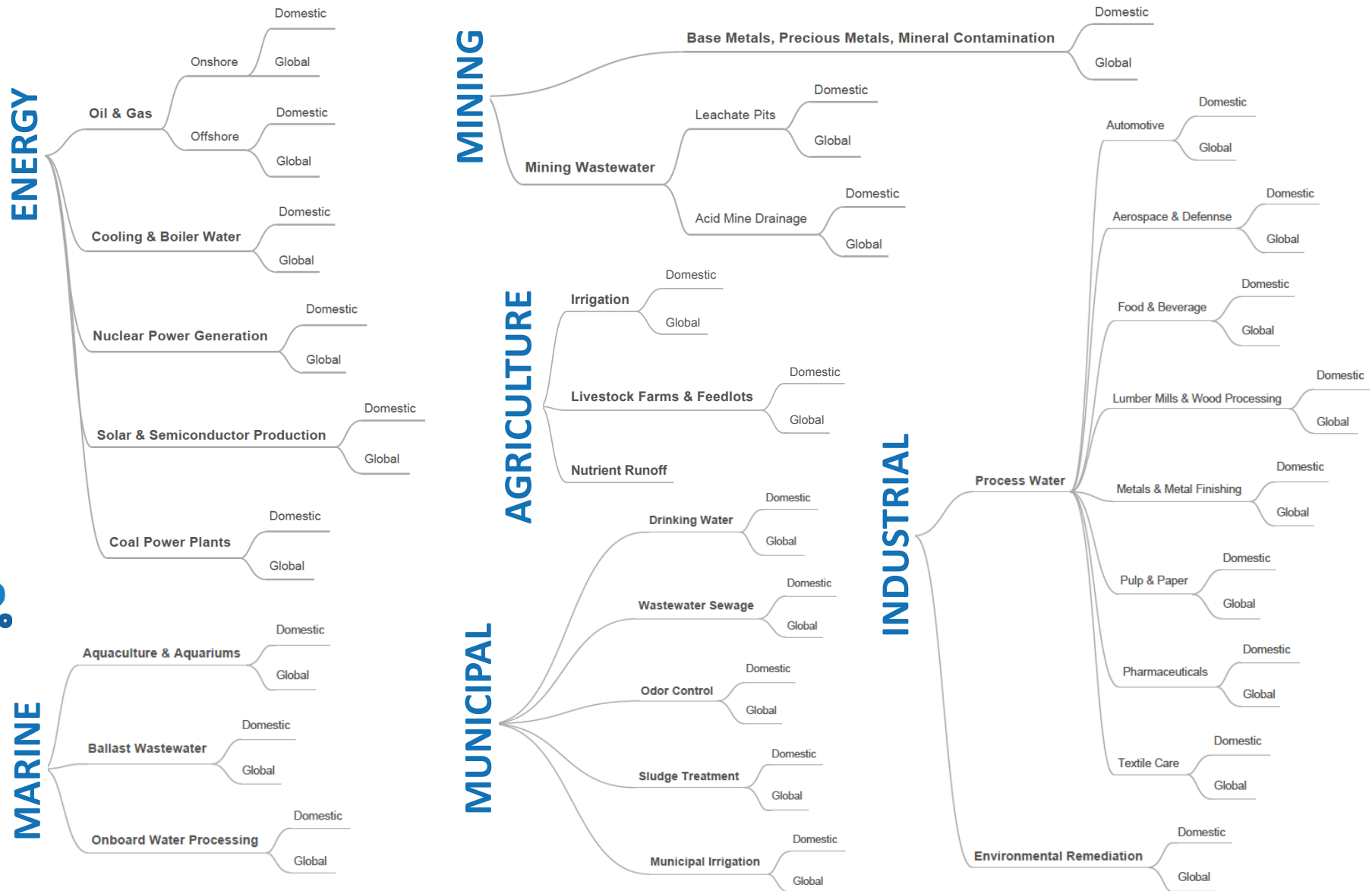
- 10 Ozonix® EF80 units delivered to Hydrozonix since March 2011
- Units 11 and 12 currently in production, to be delivered in Q4 2012
- Royalty payments expected in 2013
- Fleet of 44 Ozonix® EF80 units by end of 2016 (based on minimums)
- Royalty to Ecosphere is 20% of EBIT



Ecosphere Technologies Inc. | Multiple Opportunities



ozonix





Near Term Success

- Revenue growth
- Expanded margins
- Controlled SG&A
- Three quarters of net income
- Generated over \$3 million of operating cash flow
- Increased cash balance
- Reduced debt
- CFO transition concluding

Long Term Promise

- Valuable, patented technology
- Multiple applications
- Large markets
- Innovative business model
 - IP-Heavy
 - Capital-Light
- Proven business model
- Exceptionally strong partner
- High margin royalties:
 - Starting in 2013
 - Growing in subsequent years





General Information

Ecosphere Technologies, Inc. is a water engineering, technology licensing and innovative manufacturing company that develops non-chemical water treatment solutions for industrial markets throughout the world.

Ecosphere is a leader in emerging advanced oxidation processes (AOP) and has an extensive portfolio of intellectual property that includes four United States patents for the Ecosphere Ozonix® process.

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