

Solving the  
World's Water  
Challenges.



**ecos**PHERE

TECHNOLOGIES INC.

# Cautionary Statements Regarding Forward-Looking Information



This presentation contains forward-looking statements including statements regarding our financial outlook and projections for the fourth quarter of 2011, and 2012 including revenue, gross profit, cash flow and debt, increasing shareholder value, expected delivery of the third and fourth EF80 units, immediate oil and gas opportunities, shale gas and global energy forecasts, and other applications for the Ozonix technology and Ecosphere's success in commercializing any of them. 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 unforeseen issues that arise from manufacturing the third and fourth EF80 units, Hydrozonix's ability to find customers for the units they order to meet the minimum order requirements to maintain its exclusivity and increase future orders beyond the minimum, Hydrozonix's EBIT will be large enough to cover increased royalties, political issues affecting fracking and issues in the capital markets which affect our ability to raise money in order to enter other markets. 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, 2010. 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.

## Regulation G – Non-GAAP Financial Measures

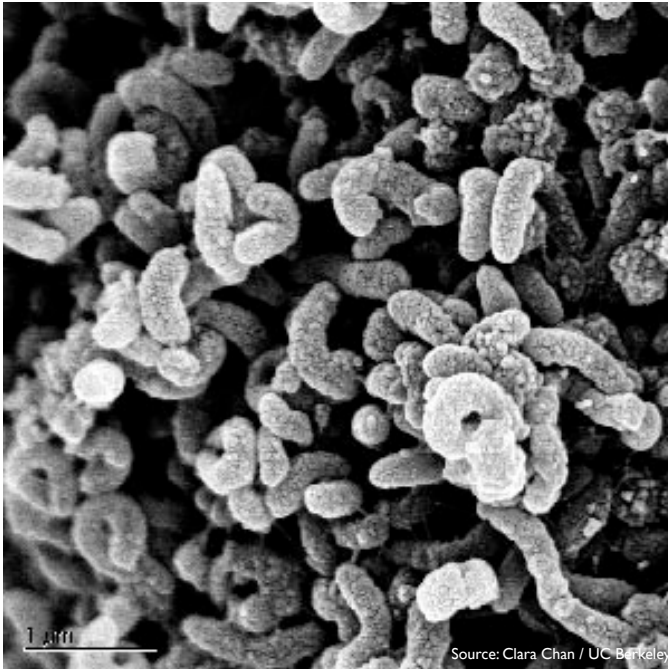
This presentation may include a discussion of EBITDA which is a not a financial measure in accordance with U.S. generally accepted accounting principles ("GAAP"). Ecosphere defines EBITDA as earnings (or loss) before interest expense, income taxes, depreciation and amortization, including amortization of non-cash stock-based compensation. Other companies may define EBITDA differently. EBITDA should be viewed as supplemental to, and not as an alternative for, net income or loss, income or loss from operations or any other measure for determining operating performance or liquidity, as determined under GAAP. We have included in this presentation a reconciliation of our non-GAAP financial measure to net income. We believe that providing EBITDA, together with a reconciliation to GAAP, helps investors make comparisons between Ecosphere and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under applicable SEC rules.



# About Ecosphere



## CHALLENGE: BACTERIA. BIOFILMS. CORROSION



- Biofilms:
  - Biofilms are complex, three-dimensional communities of living microorganisms
  - Biofilms flourish in water, attach to surfaces and are highly resistant to chemical biocides
- Microbiologically Induced Corrosion (MIC):
  - Microbial biofilms form the nucleation sites for scale, corrosion & pipe fouling = MIC

## SOLUTION: OZONIX<sup>®</sup>

### Microbial Control

- SRB (Sulfate Reducing Bacteria) Elimination
- APB (Acid Producing Bacteria) Elimination

### Scale Prevention

- Iron Sulfide Elimination
- Microbial Density Elimination
- Microbial Biofilm Destruction

### Corrosion Control

- Organic Scale & Corrosion Control
- Iron Oxidation & Scale Crystallization Elimination

### Friction Reduction

- TDS Reduction
- Reduced Pumping Pressures
- Water Softening



# Open Innovation. A Proven Business Model

Step 1 Identify an Environmental Challenge



Step 2 Invent New Technologies & File Patents



Step 3 Partner with Industry Leaders



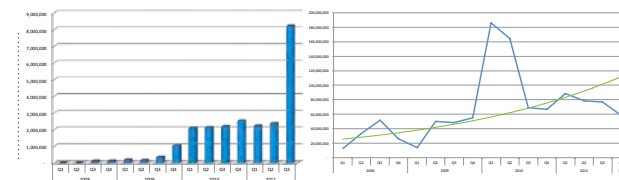
Step 4 Commercialize the Technology



Step 5 Sell or License the Technology



Step 6 Increase Shareholder Value



## 30+ CLEAN TECH PATENTS

- Ecosphere Technologies, Inc. has an extensive portfolio of patents and registered trademarks that have been filed and approved in various locations around the world
- The majority of our green technologies focus on the cavitating properties of water and eliminating the wide-spread use of toxic chemicals through technologies like our patented, Ecosphere Ozonix® technology
- Ecosphere's patents can be licensed for use in large-scale and sustainable applications across industries, nations and ecosystems. Approved U.S. patents include but are not limited to:

United States Patent No. 7,699,994

United States Patent No. 7,699,988

United States Patent No. 7,785,470

United States Patent No. 7,100,844

United States Patent No. 6,745,108

United States Patent No. 6,564,815



United States Patent No. 6,595,152

United States Patent No. 6,604,696

United States Patent No. 6,425,340

United States Patent No. 6,287,389

United States Patent No. 5,849,099

United States Patent No. 5,628,271

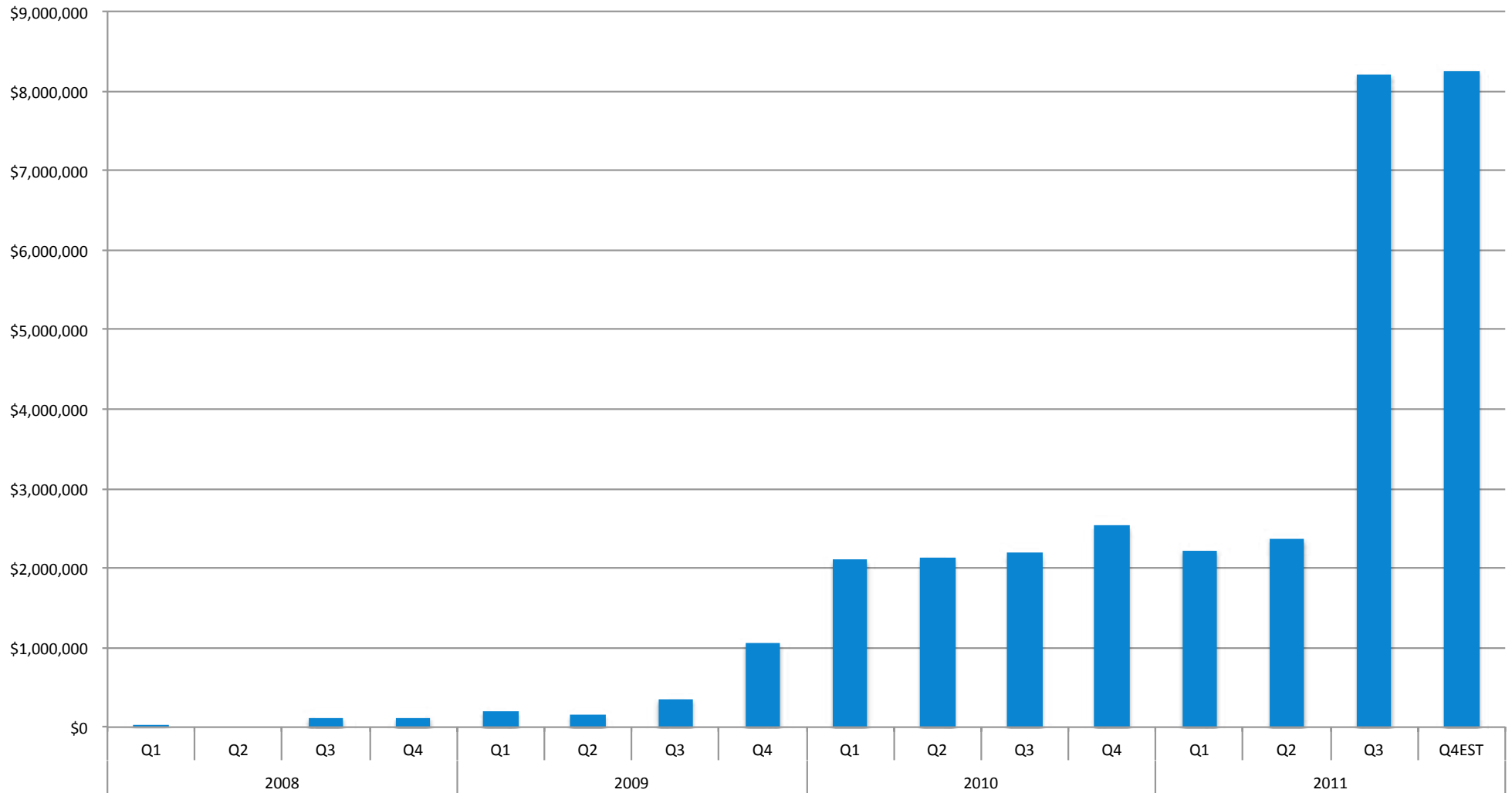


## \$44+ MILLION CONTRACT

- Ozonix® technology licensing agreement with Hydrozonix, LLC
- Field-of-use: United States onshore oil & gas exploration and production
- 16 unit order over initial 24 month period



## RECORD REVENUES



## INDUSTRY ACCEPTANCE. PUBLIC RECOGNITION



*“One of the Dominant Providers of Water Treatment for the Shale-Gas Industry”*



*“Techno-Economic Assessment of Water Management Solutions”*



*“Water Chemicals and Competitors:  
The Long, Long March of the “Chemical-Free” Revolution”*



Selected as one of 2011's TOP 50 Water Companies  
*“Building Momentum for Advanced Water Technology Solutions”*



Case Study presented to over 400 industry experts at the Shale Gas Water Management Marcellus Initiative in Pennsylvania



Ozonix® mentioned as the “gem” of Drew Bledsoe' investment portfolio



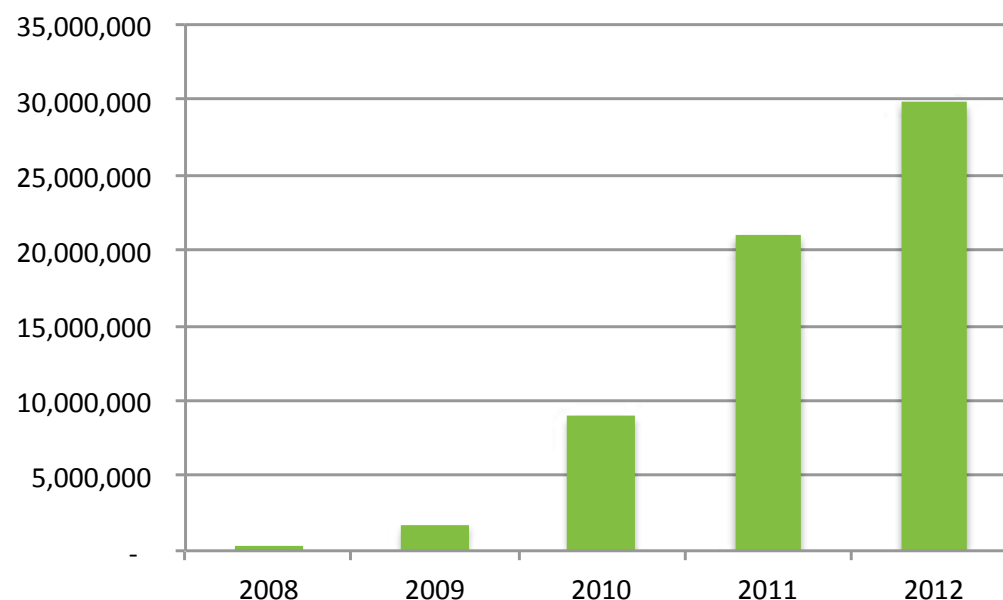
## SOUTH FLORIDA BUSINESS JOURNAL

ESPH Outperforms the 2011 Fast Tech Awards Winner for Year Over Year Revenue Growth:

- Ecosphere: **409%** Revenue Growth for 2009-2010
- #1 South Florida Biz Journal Fast Tech Winner, BrokersWeb, experienced 306% revenue growth

## DELOITTE 500 RANKING

- ESPH revenue growth compares with the top 350 companies in the nation for 2010
- Likely in the top 50 companies for 2011



## EES TREATS 1 BILLION GALLONS of WATER

2008



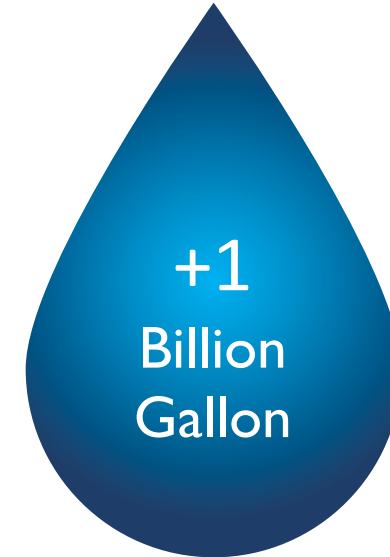
2009



2010



2011



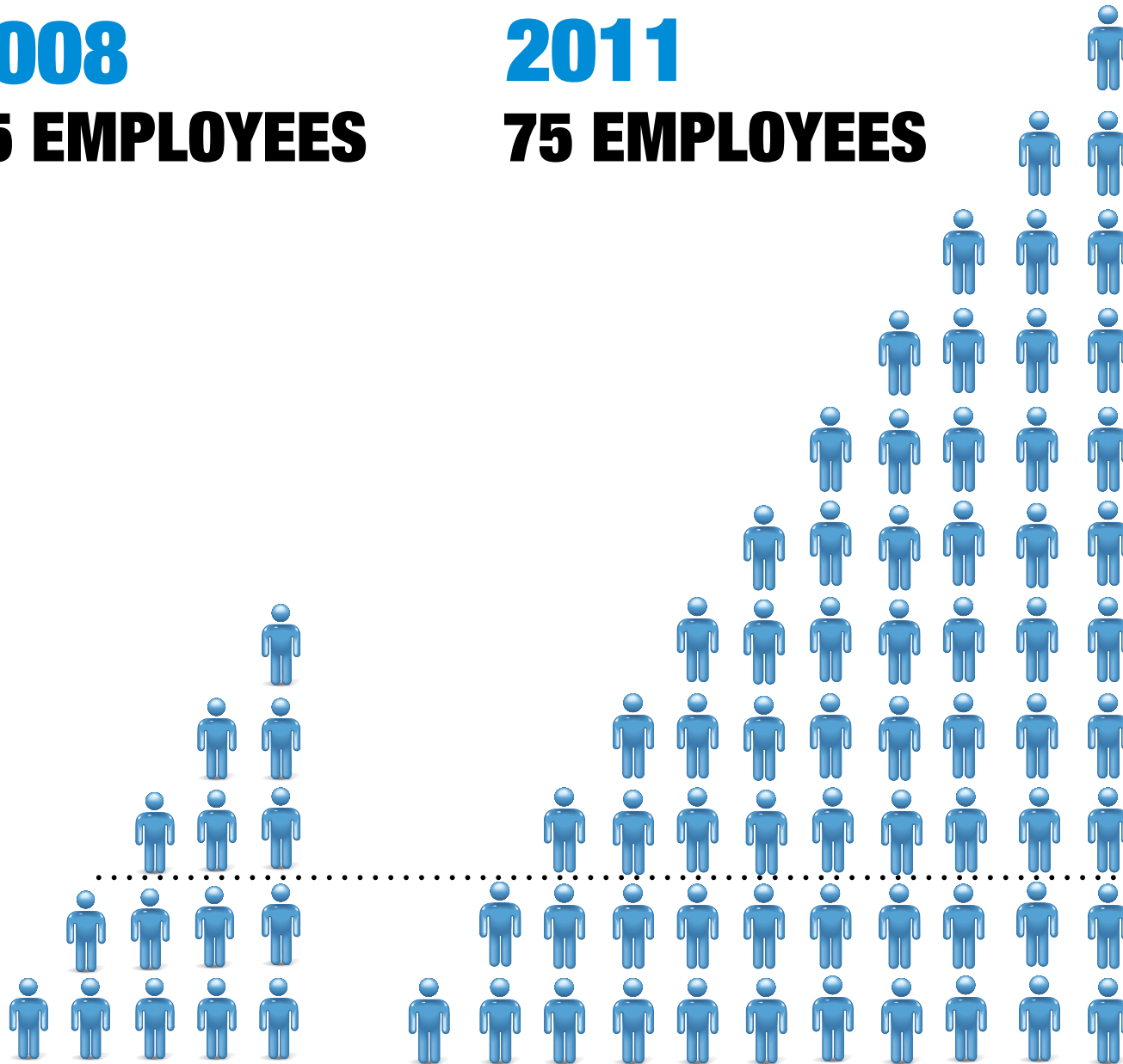
## OVER 400 OIL & GAS WELLS



# Employee Growth

**2008**  
**15 EMPLOYEES**

**2011**  
**75 EMPLOYEES**



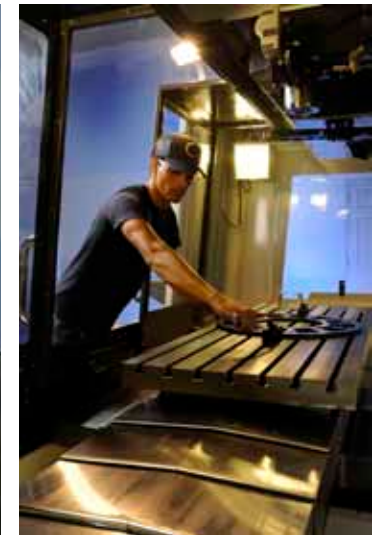
Employee growth concentrated in manufacturing, operations, and service positions



# Employee Growth



## Expanded Facilities. Increased Capabilities



## Contract Expansion

- Ecosphere expands contract services with Newfield Exploration in the Woodford Shale

## Manufacturing Update

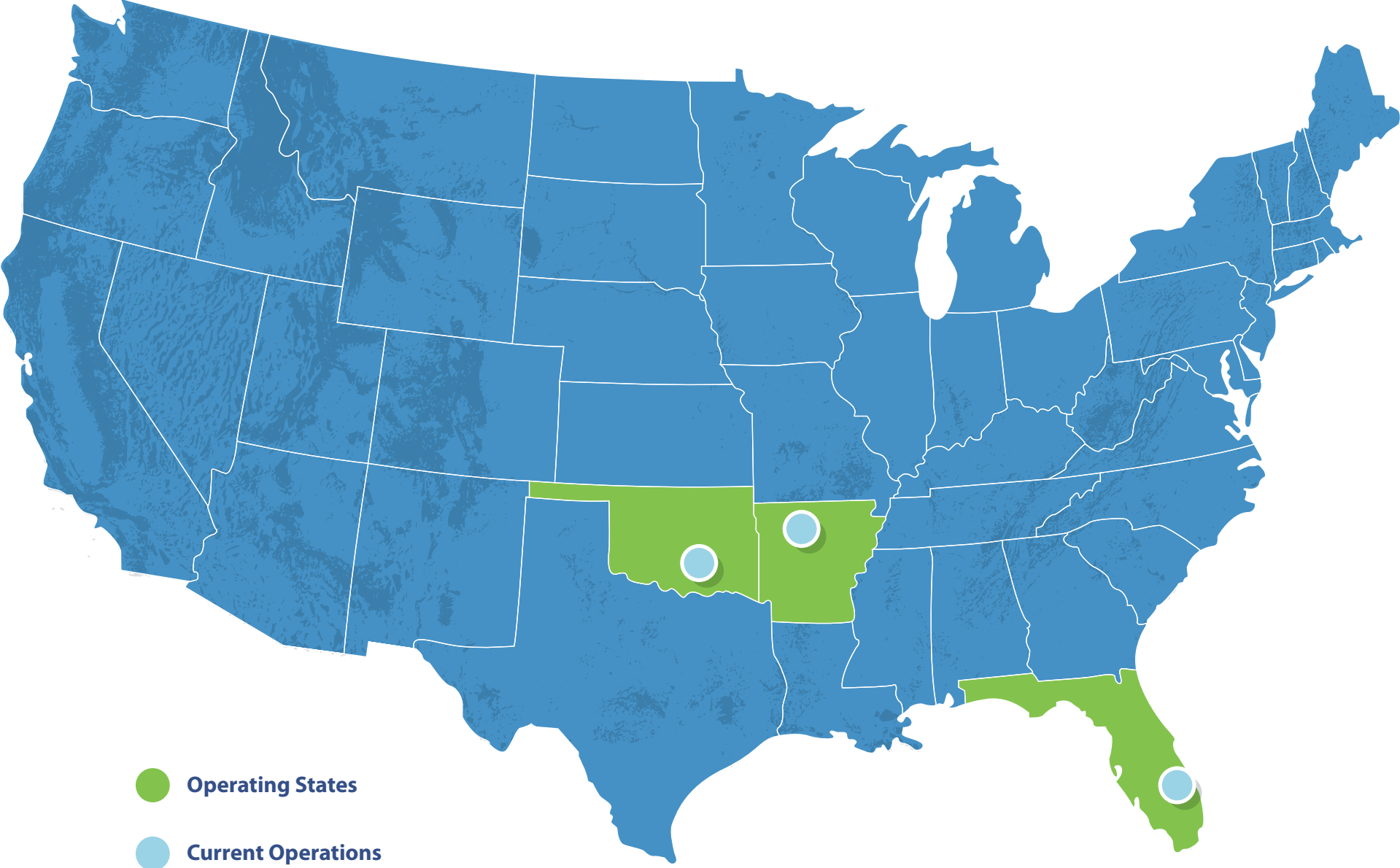
- Ecosphere completes manufacturing of EF80 units 1&2 of a 16 unit order for Hydrozonix
- Ecosphere on track to deliver EF80 units 3&4 for Hydrozonix in Q4 of 2011

## Hydrozonix Operations

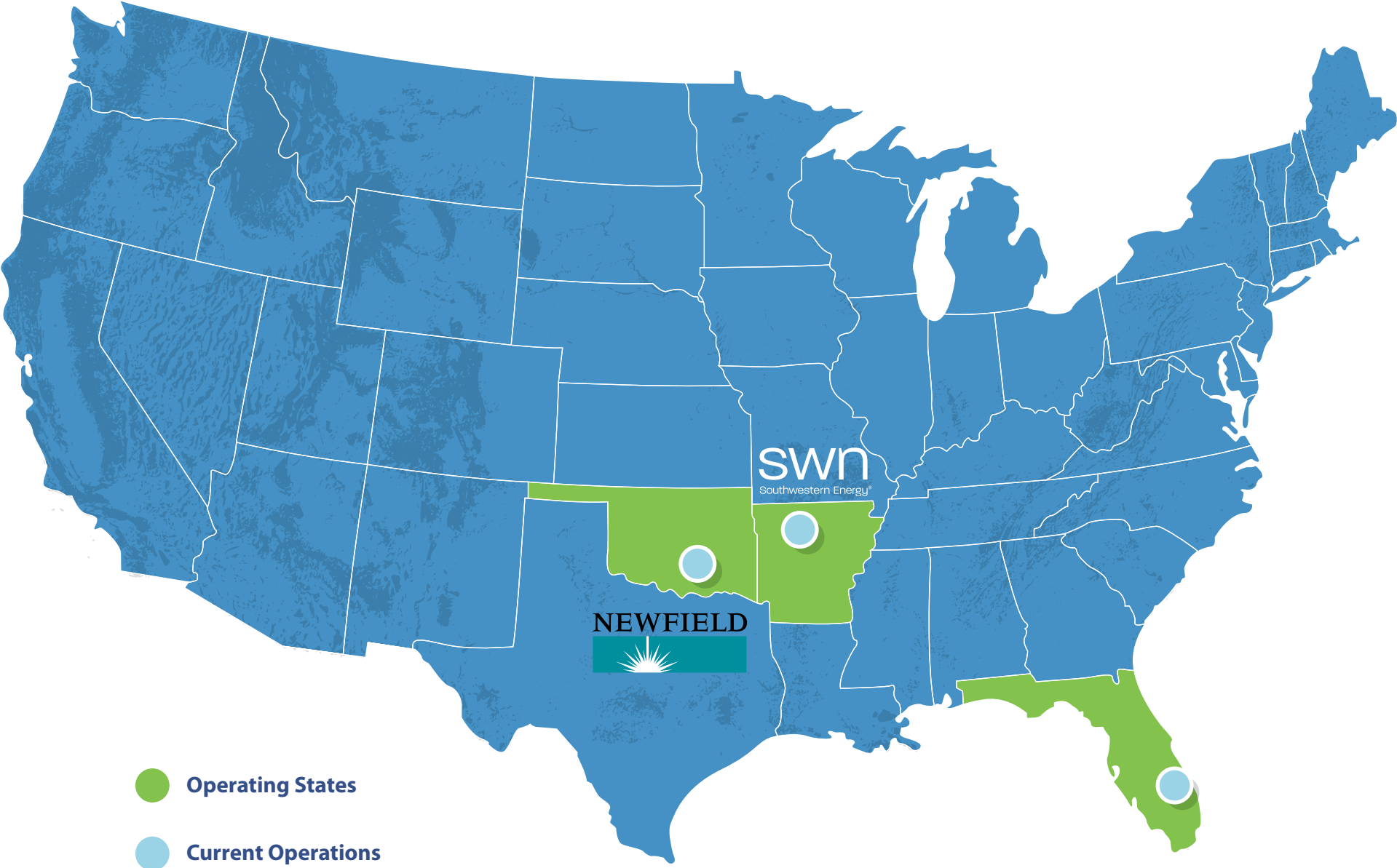
- HzO processes 103+ million gallons of water using Ecosphere's new Ozonix EF80's
- HzO services the Eagle-Ford, Permian Basin, Fayetteville, & Marcellus Shale Regions



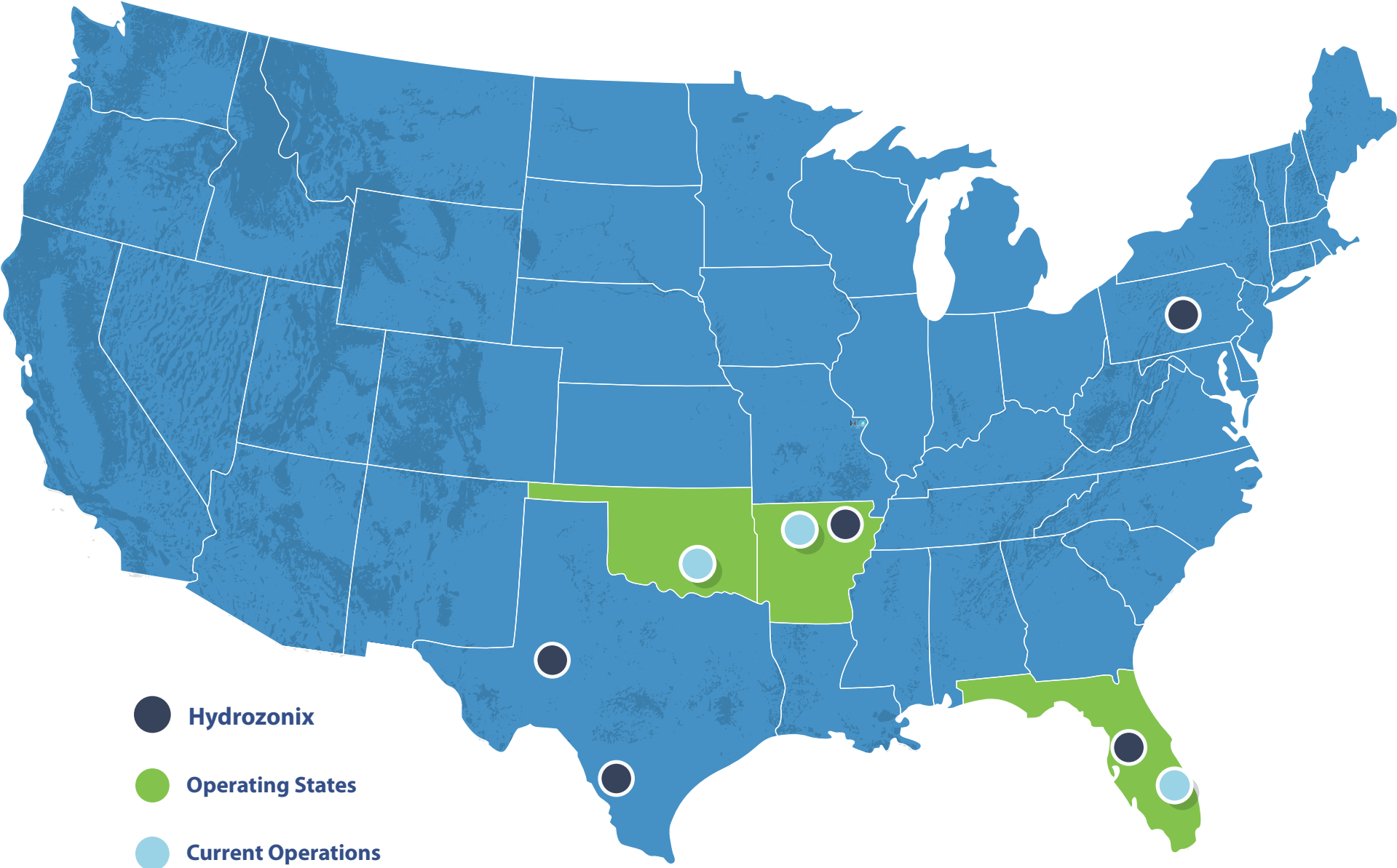
# Ecosphere's Operations



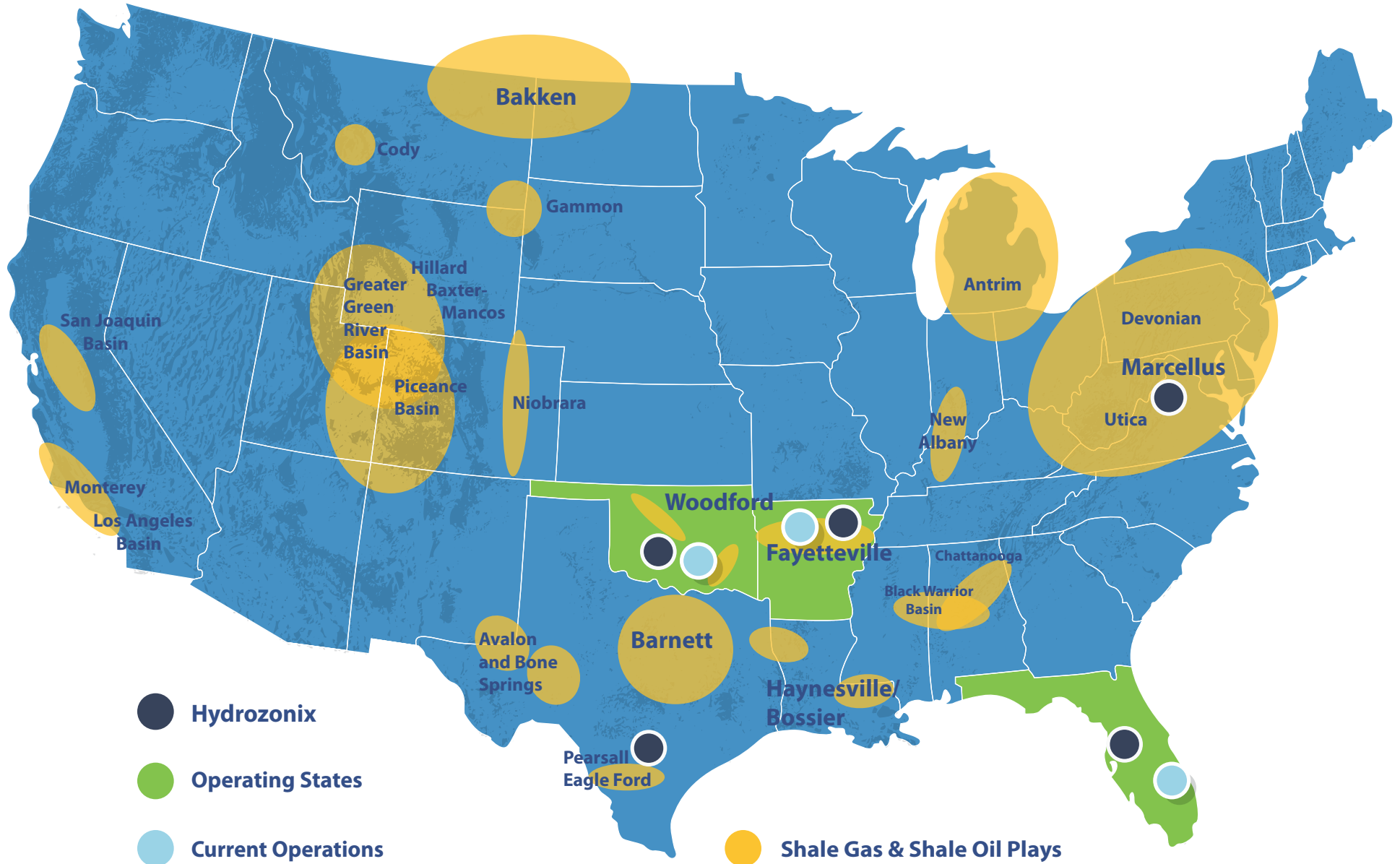
# Ecosphere's Operations



# Ecosphere's Operations

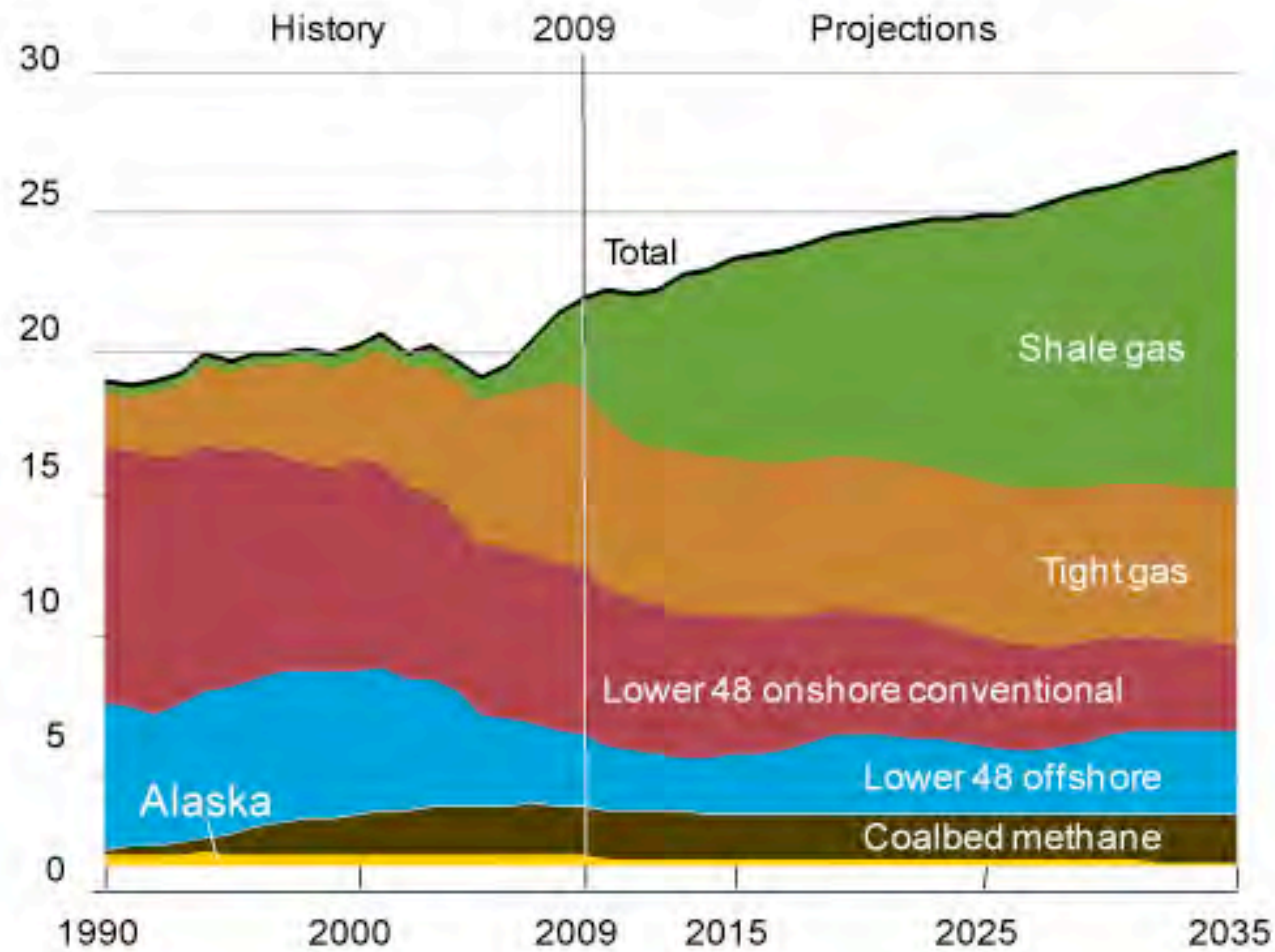


# Immediate Oil & Gas Opportunities - U.S.



## DOMESTIC SHALE GAS FORECASTS

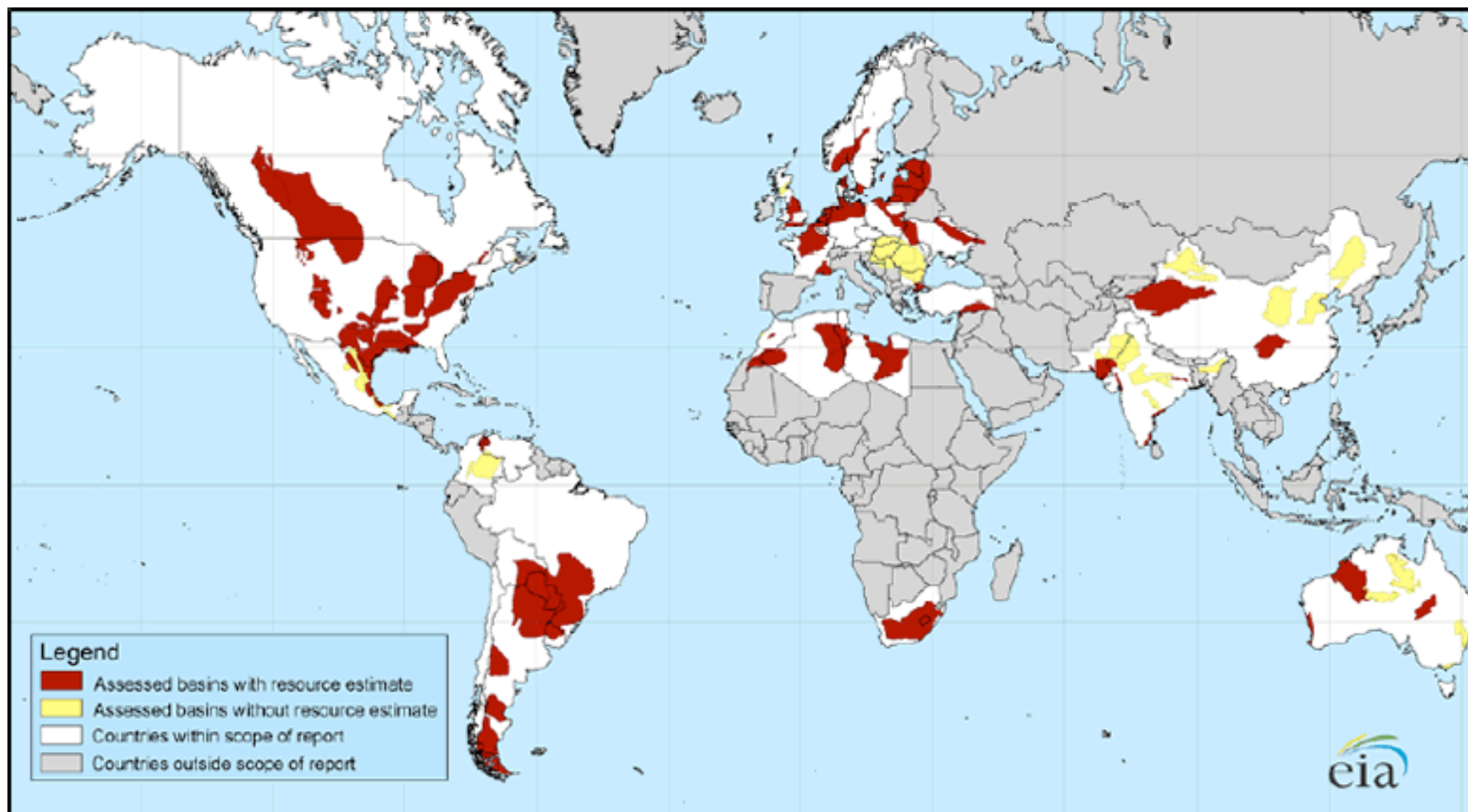
Natural Gas Production (by source), 1990 - 2035 (trillion cubic feet)



Source: EIA, Annual Energy Outlook 2011



## WORLD SHALE GAS RESOURCES

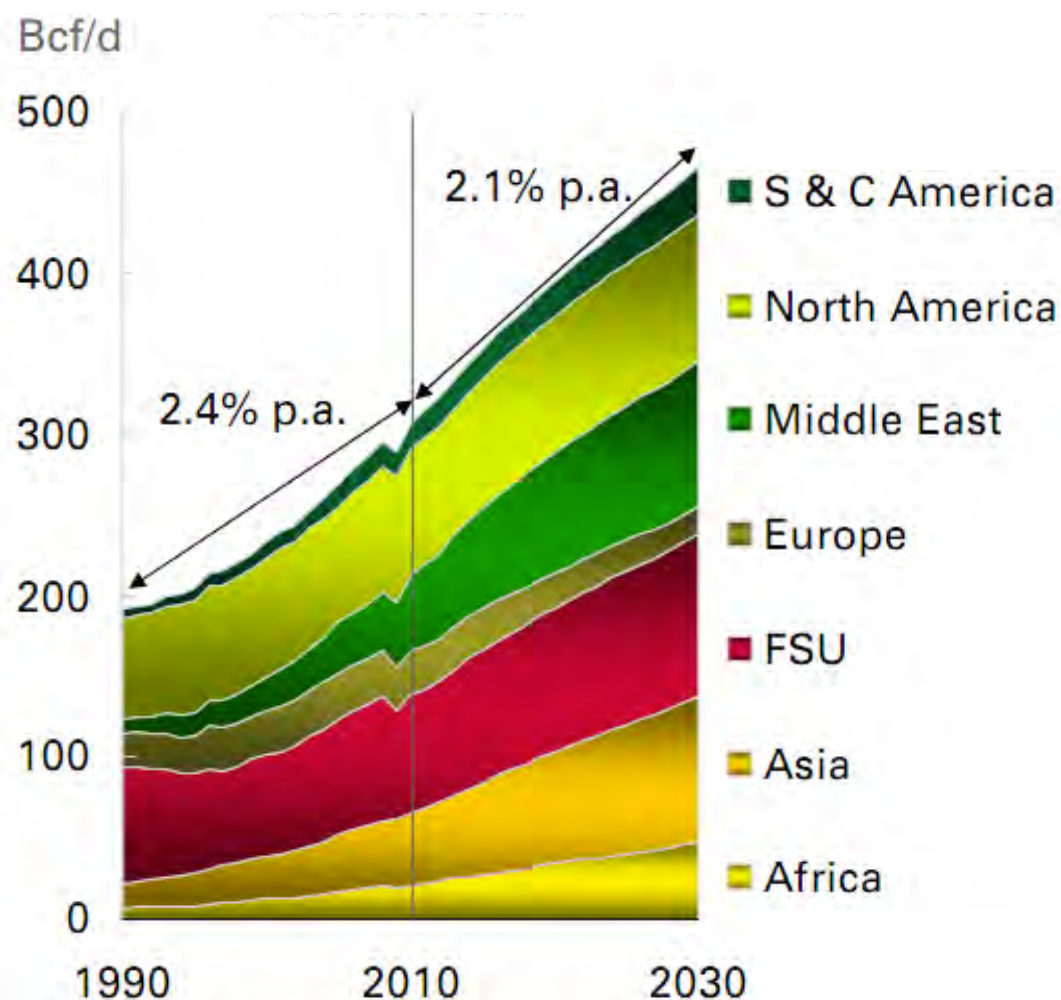


Source: EIA, *World Shale Gas Resources: An Initial Assessment of 14 Regions Outside the United States*



## GLOBAL ENERGY FORECASTS

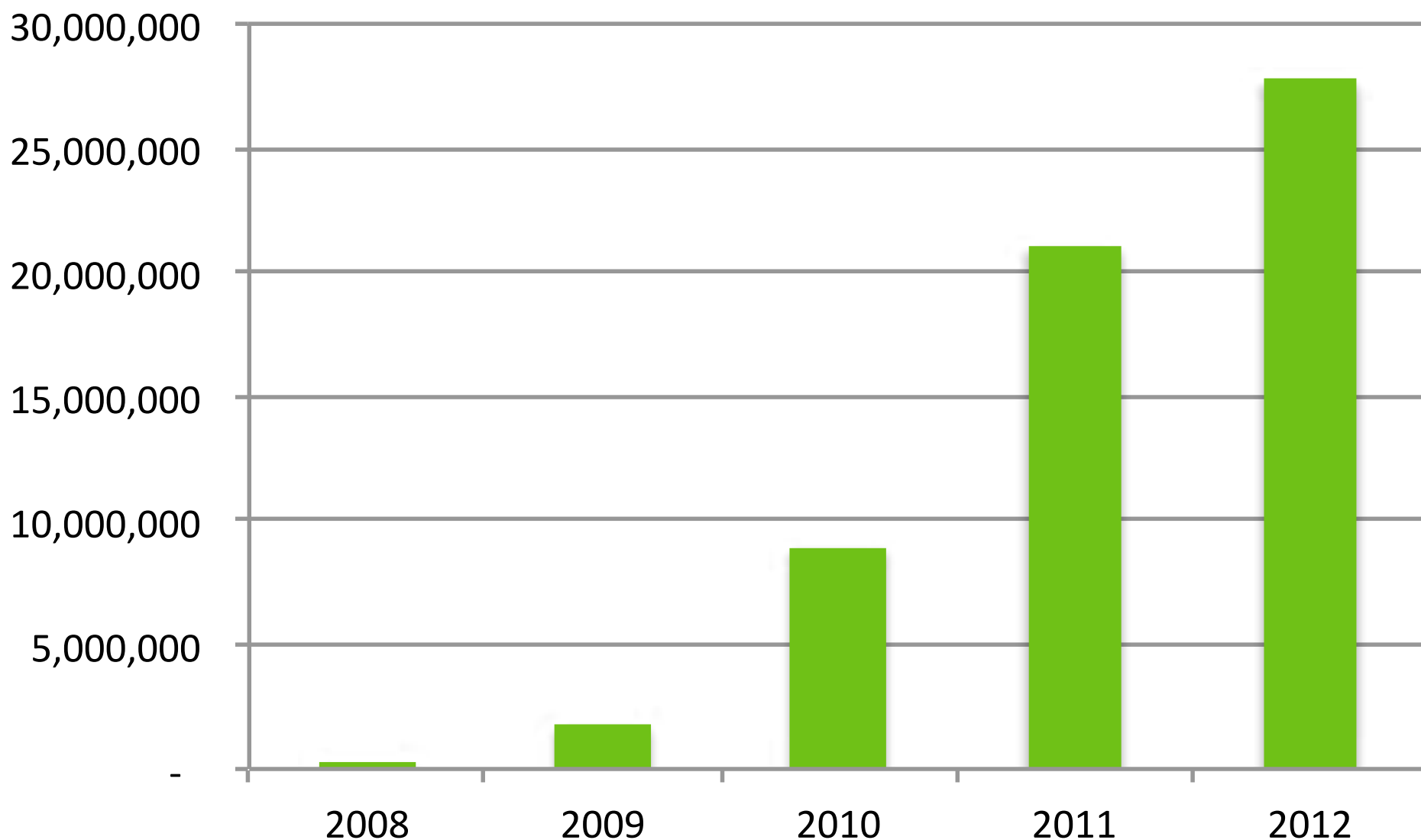
- Natural gas is projected to be the fastest growing fossil fuel globally to 2030



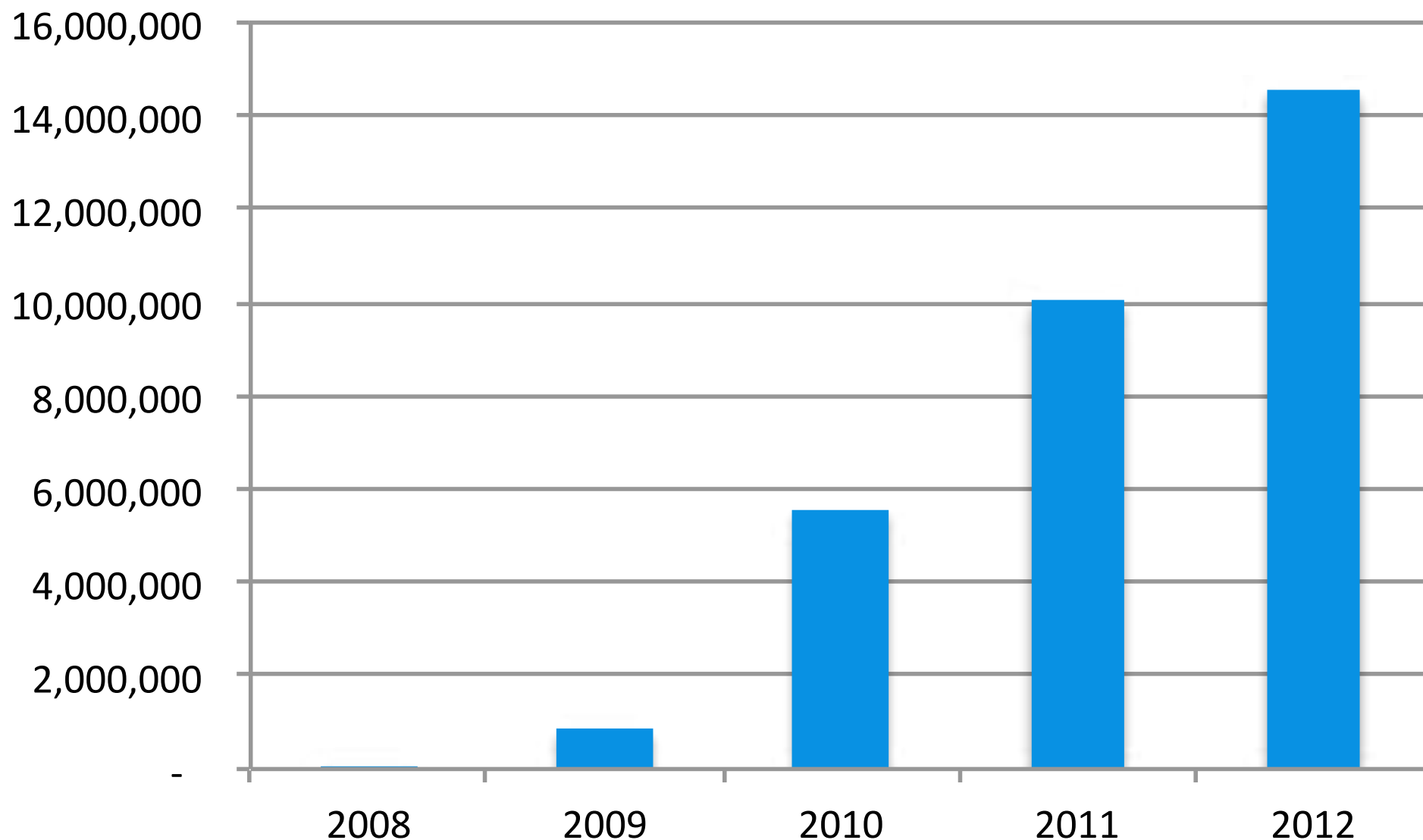
Source: BP, Energy Outlook 2030



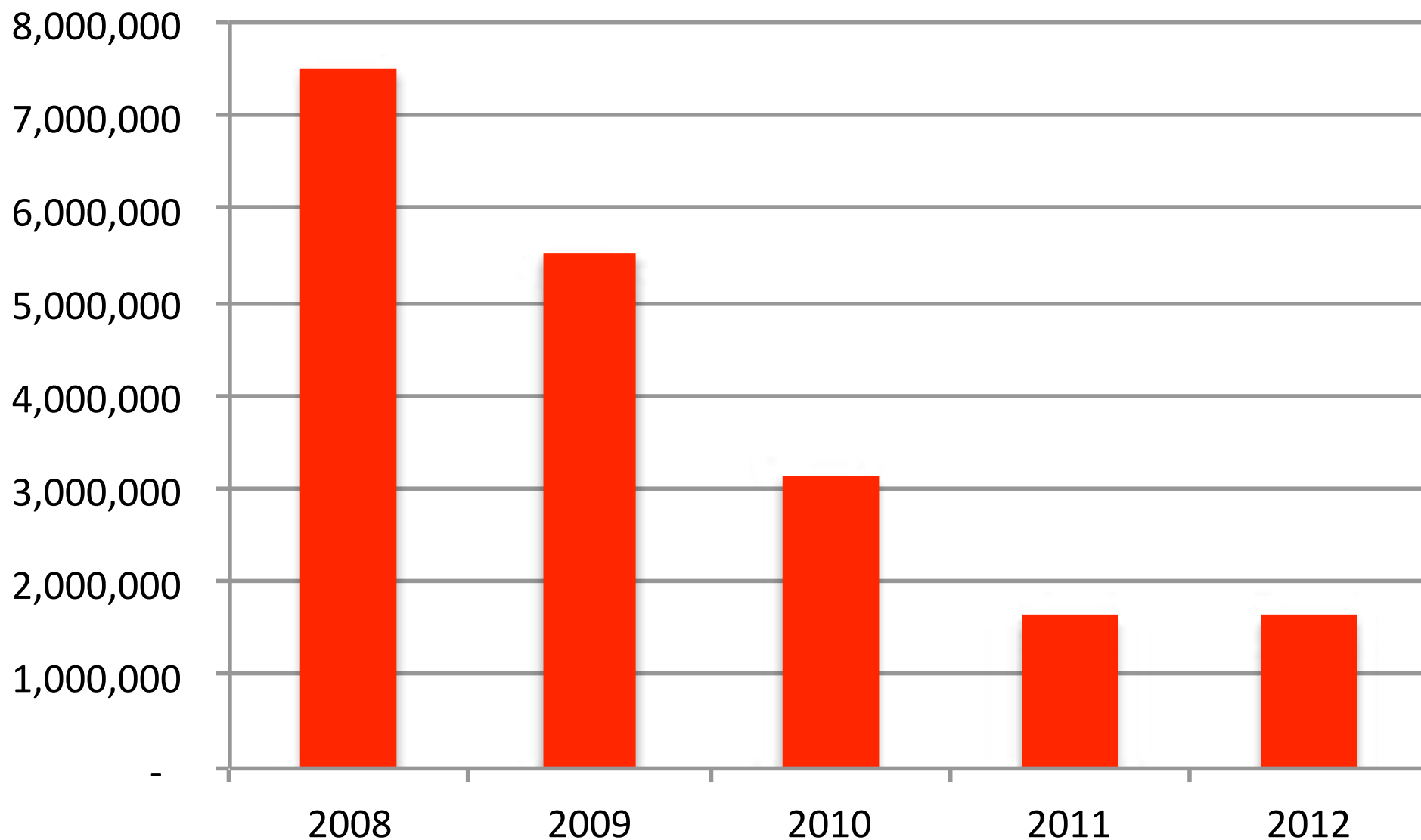
## REVENUE



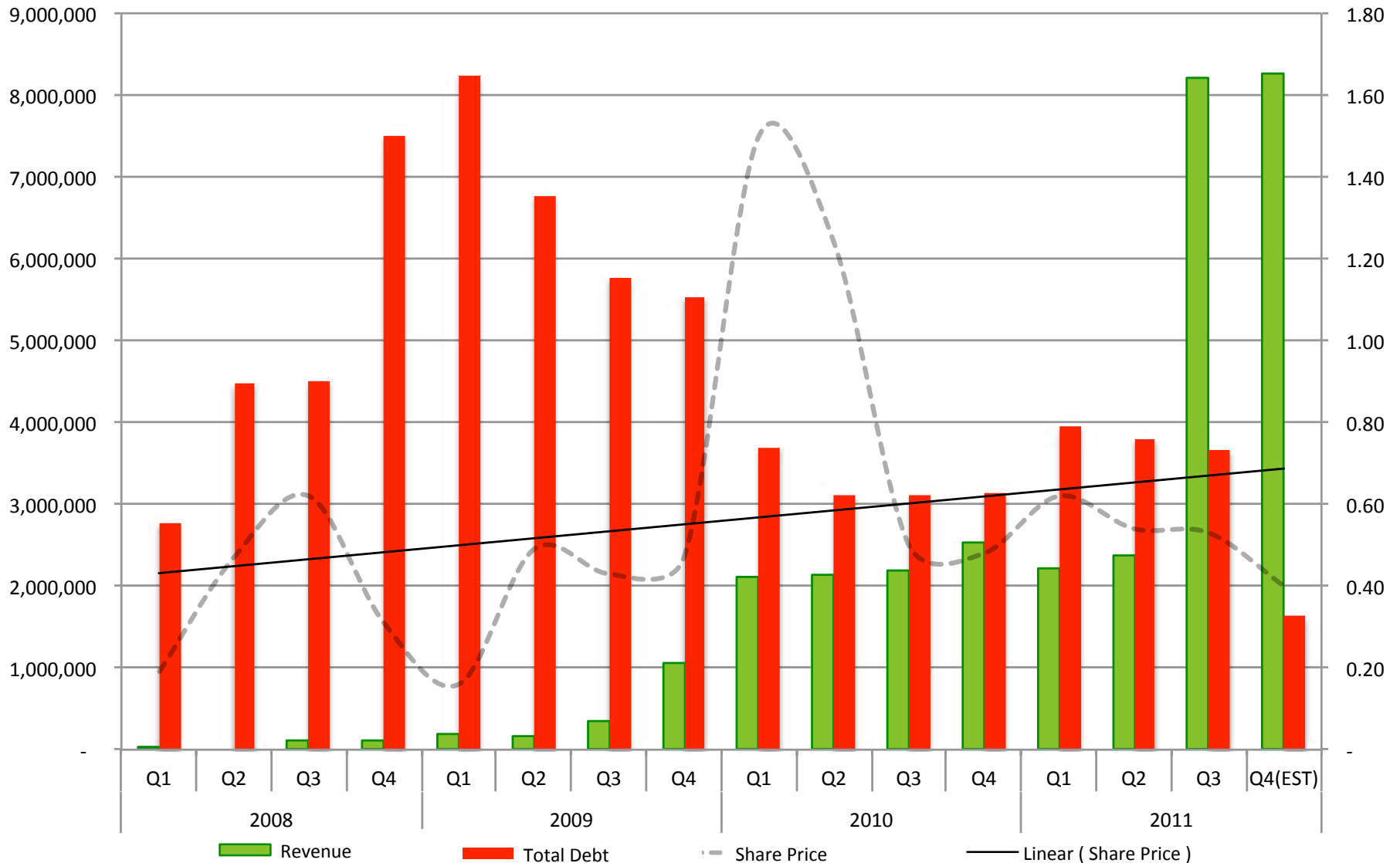
## GROSS PROFIT



## TOTAL DEBT



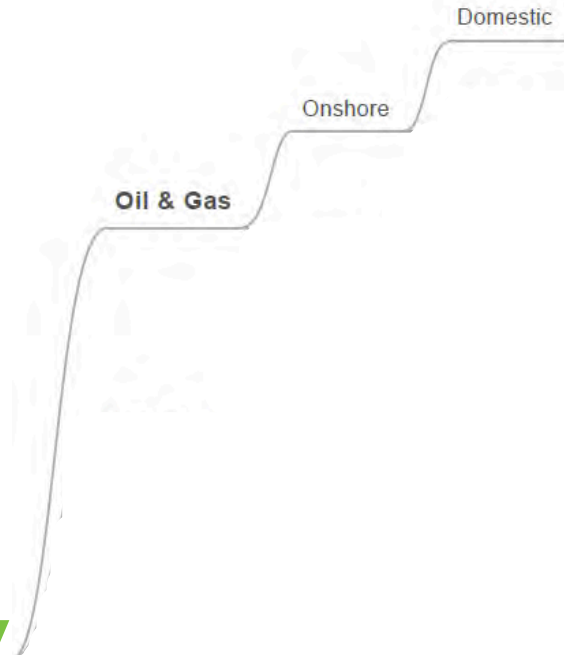
## REVENUE TO DEBT



# The Future of OZONIX®

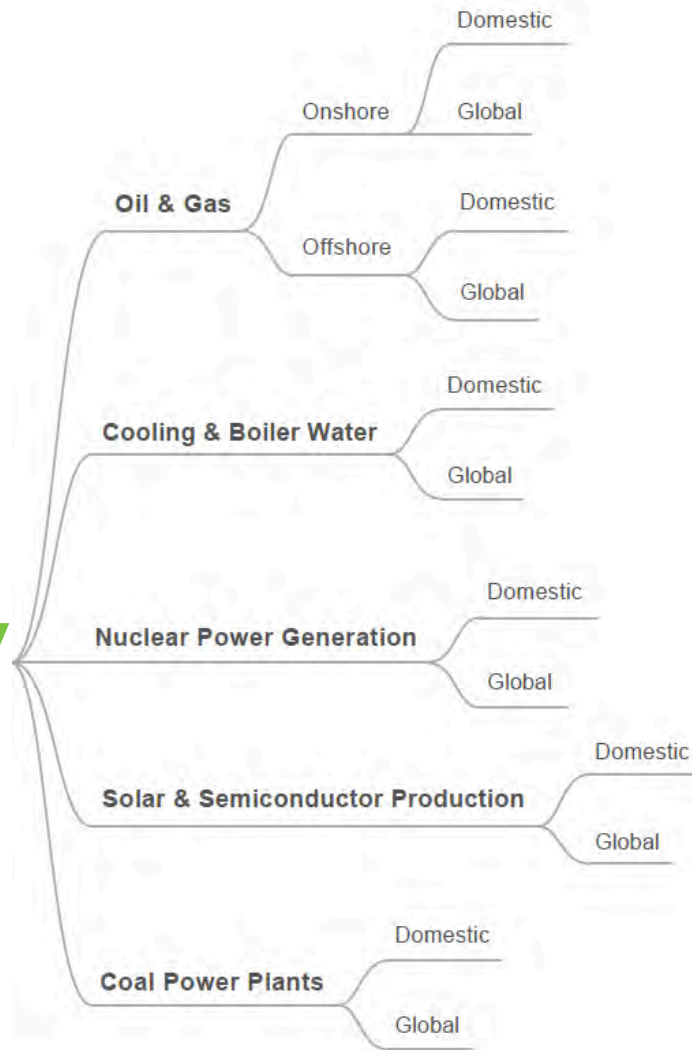
**OZONIX®**

**ENERGY**

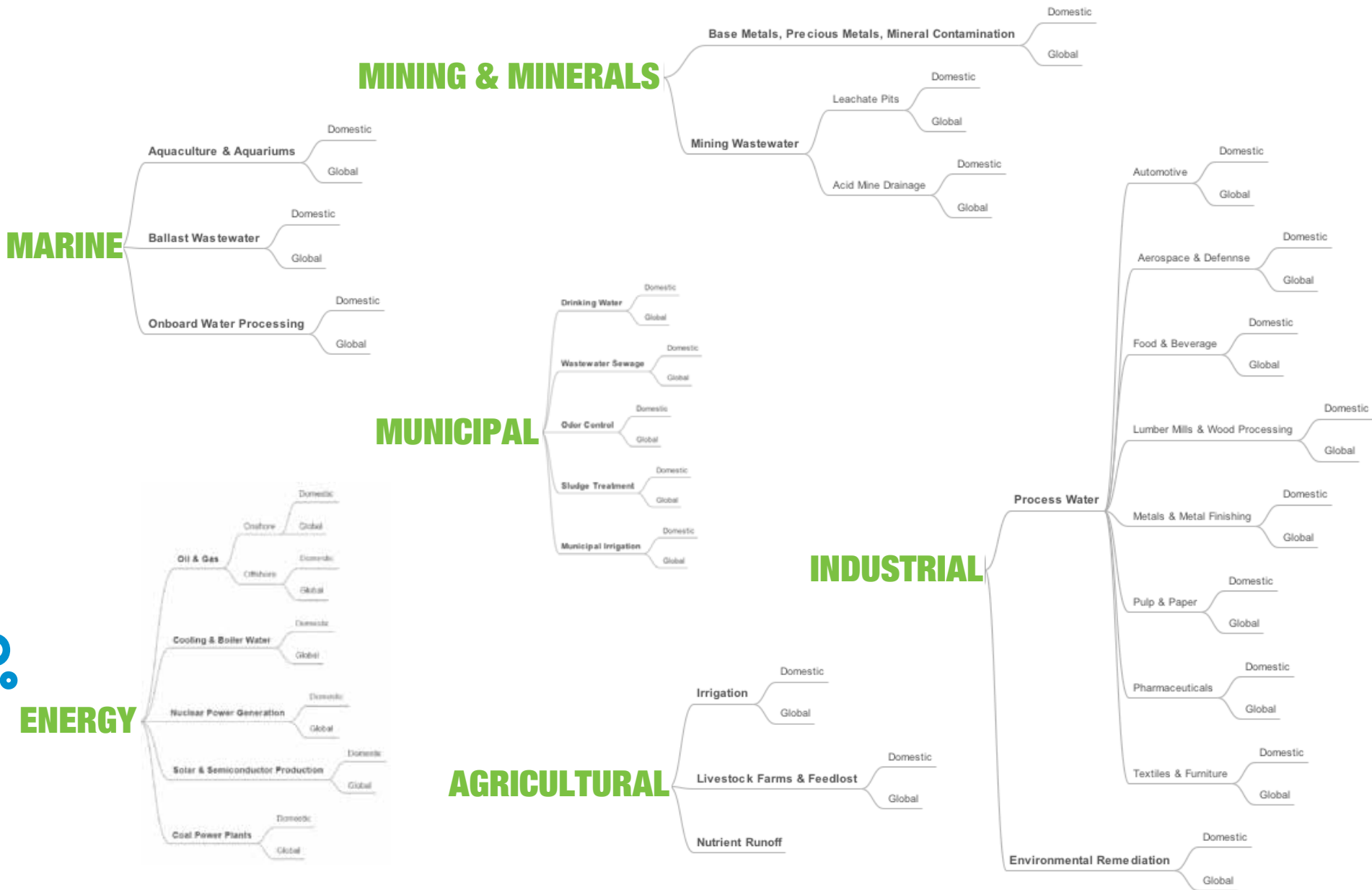




## ENERGY



OZONIX®

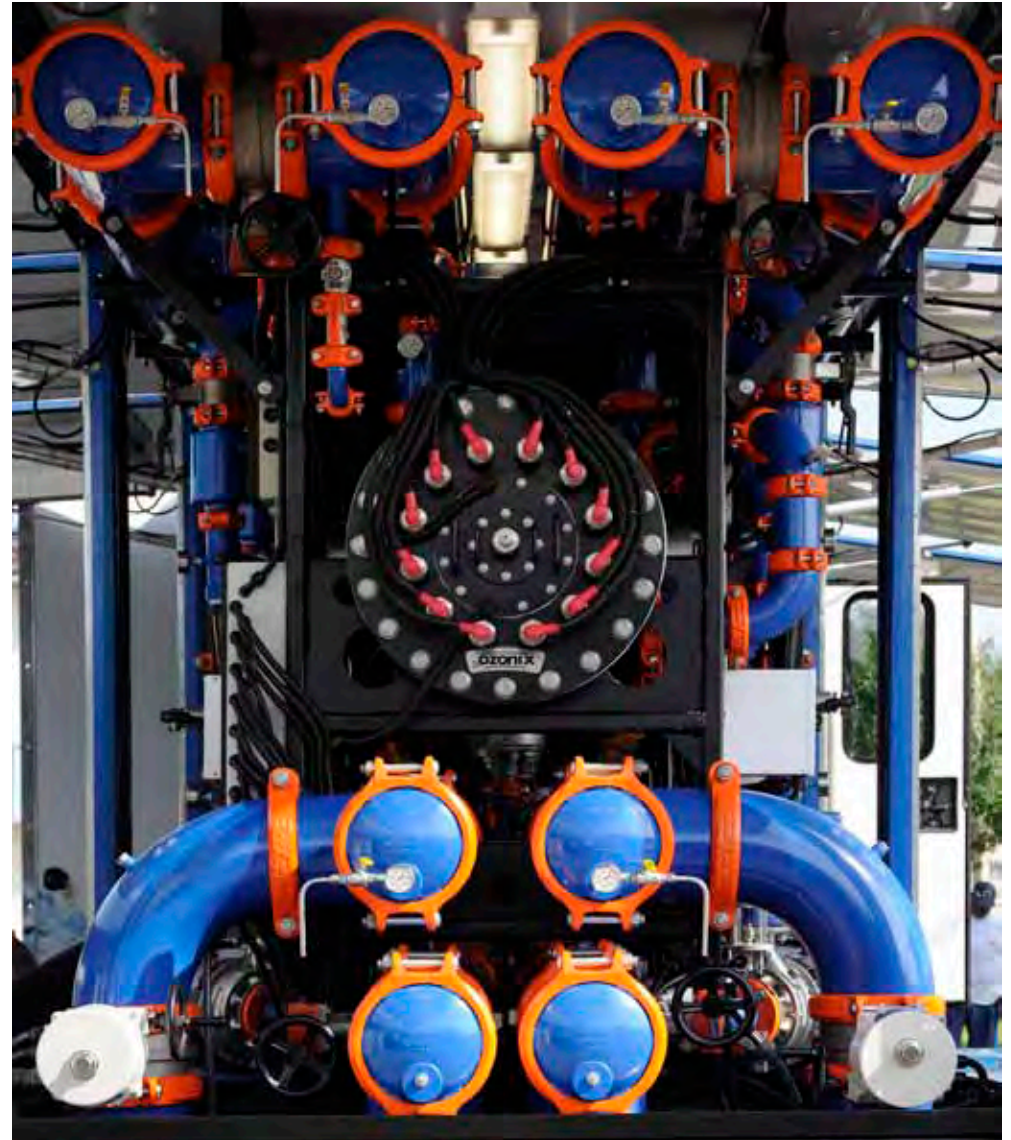


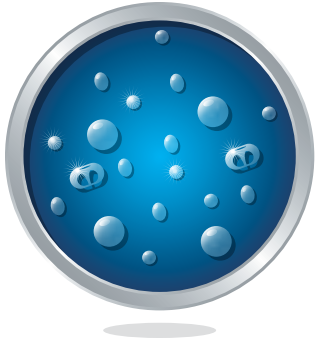


**ECOSPHERE**  
TECHNOLOGIES INC.



Protected by U.S. Patents: 7,699,994 / 7,699,988 / 7,785,470 / 7,943,087





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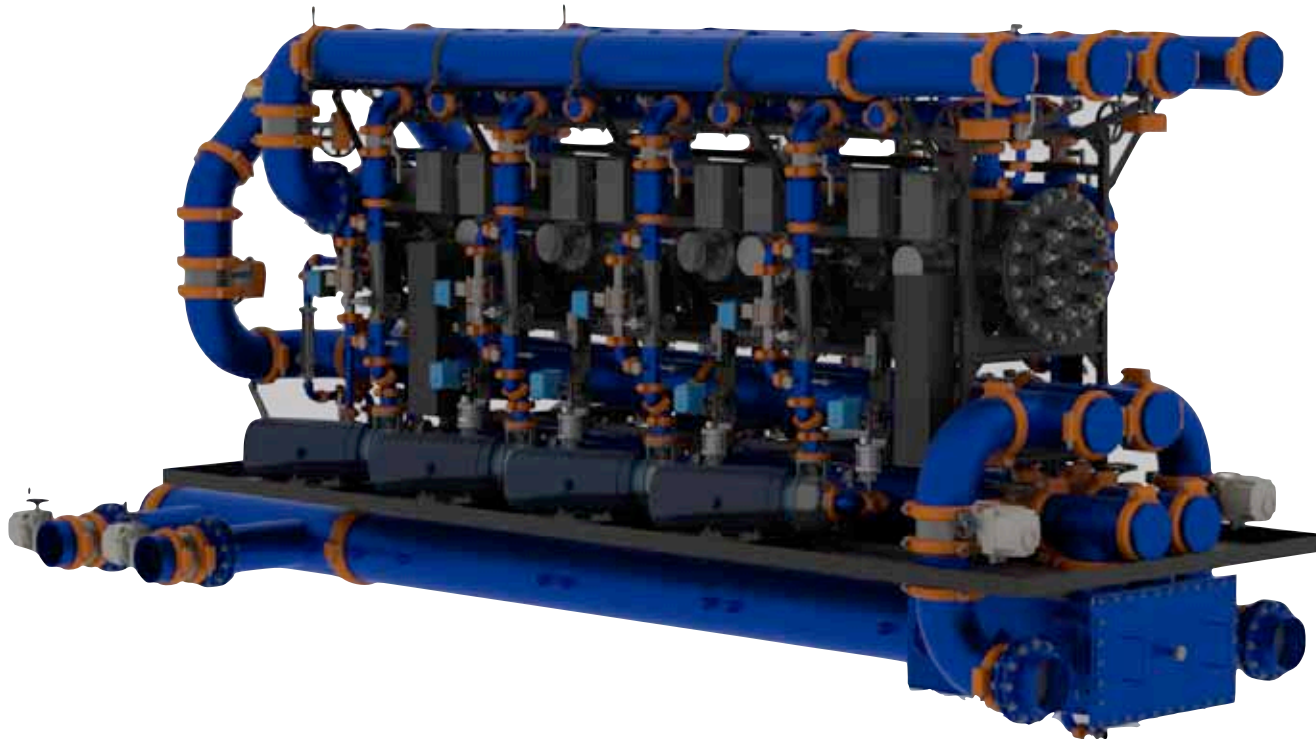


**HYDRODYNAMIC  
CAVITATION**

**OZONE**

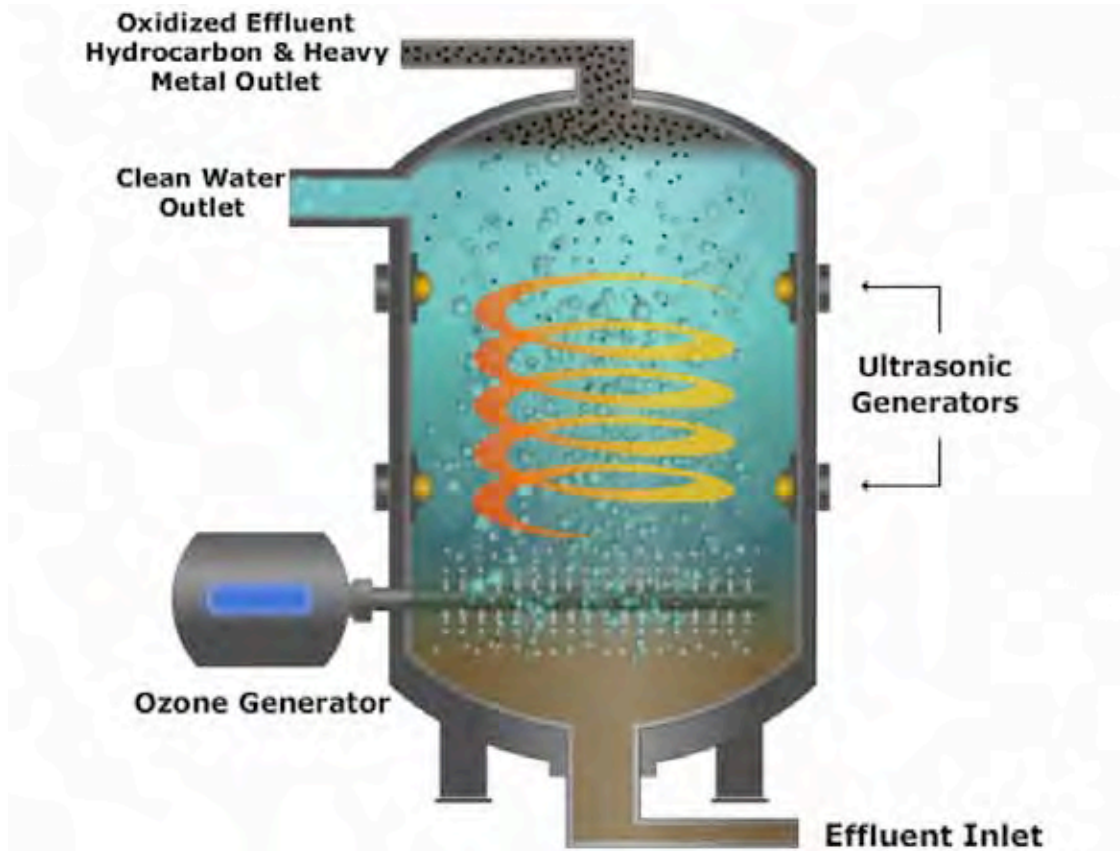
**ACOUSTIC  
CAVITATION**

**ELECTRO  
OXIDATION**



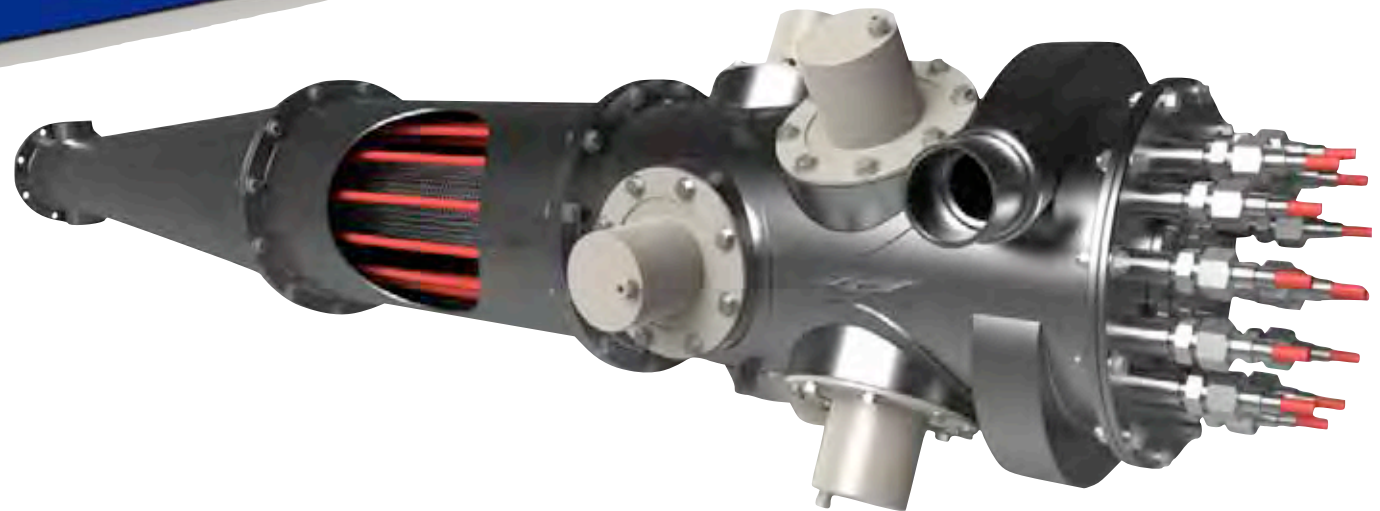
# The OZONIX® Evolution

## 2008



# The OZONIX® Evolution

## 2009



# The OZONIX® Evolution

## 2010



# Introducing the OZONIX® EF80

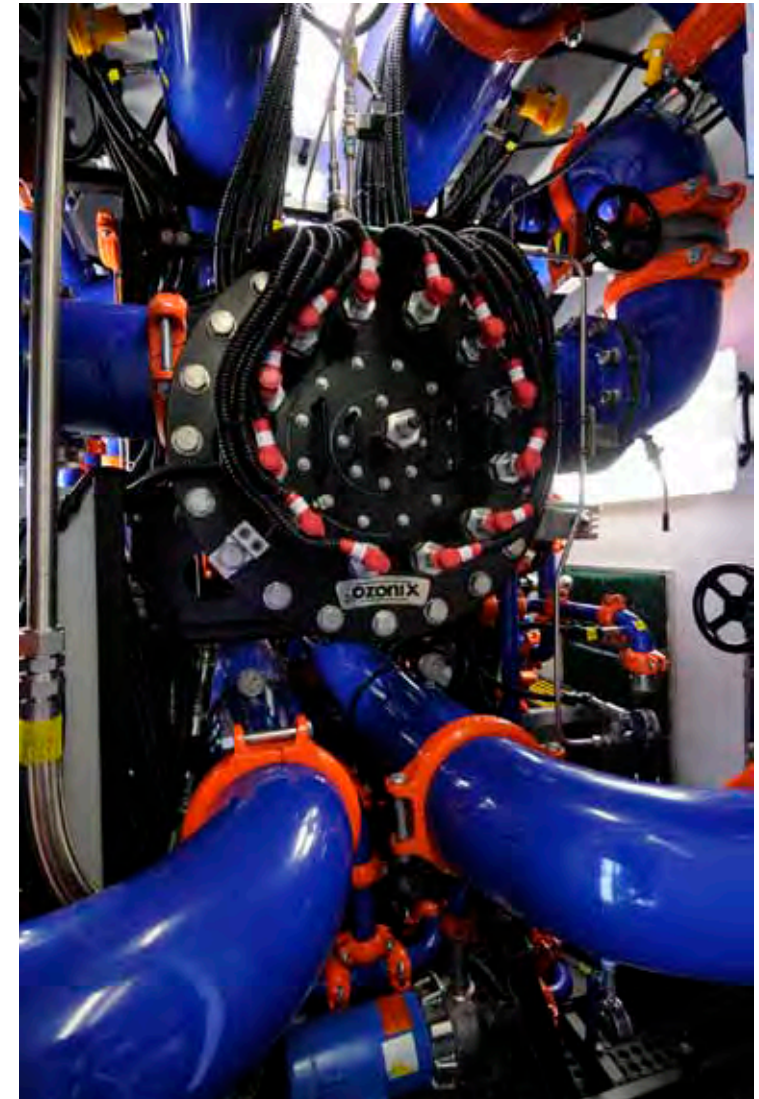


# Introducing the OZONIX® EF80

## FEATURES & BENEFITS



- Self-Contained 53' Mobile Trailer
- On-Board 600 KW Diesel Generator
- Flow Rates Rated for 800 - 3,300 Gallons Per Minute
- Salinity Range Rated for 50 - 200,000 PPM
- Fully Automatic PLC Controls
- Remote Monitoring Capabilities

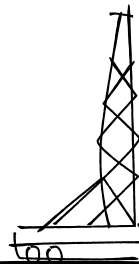


## ABOUT EES



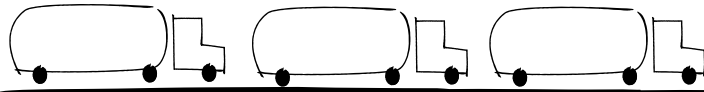
- Ecosphere Energy Services, LLC is the exclusive master licensee of Ecosphere's patented Ozonix® technologies for domestic and global energy applications. The Ozonix® process provides energy exploration companies with a cost-effective method to kill bacteria and biofilms without the use of chemical biocides and scale-inhibitors.
- Ecosphere's Ozonix® services are currently available to the U.S. onshore oil & gas exploration and production market exclusively through Hydrozonix, LLC.

# Hydraulic Fracturing

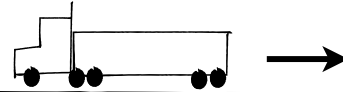


# Hydraulic Fracturing - The Facts

Roughly 200 tanker trucks deliver water to the site for the fracturing process



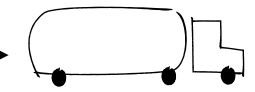
A pumper truck injects a mixture of sand, water, and additives into the well



Natural gas flows out of well

Flowback water is stored in open pits

Water is treated or transported to disposal wells



## Hydraulic Fracturing

Hydraulic fracturing, or “fracking”, involves the injection of on average 3-5 million gallons of water and additives at high pressure down and across into horizontally drilled wells as far as 10,000 feet below the surface. The pressurized mixture causes the rock layer to crack. These fissures are held open by the sand particles so that natural gas from the shale can flow up freely to the surface.

Fissures



Well

Water Table

Well Turns Horizontal

Shale



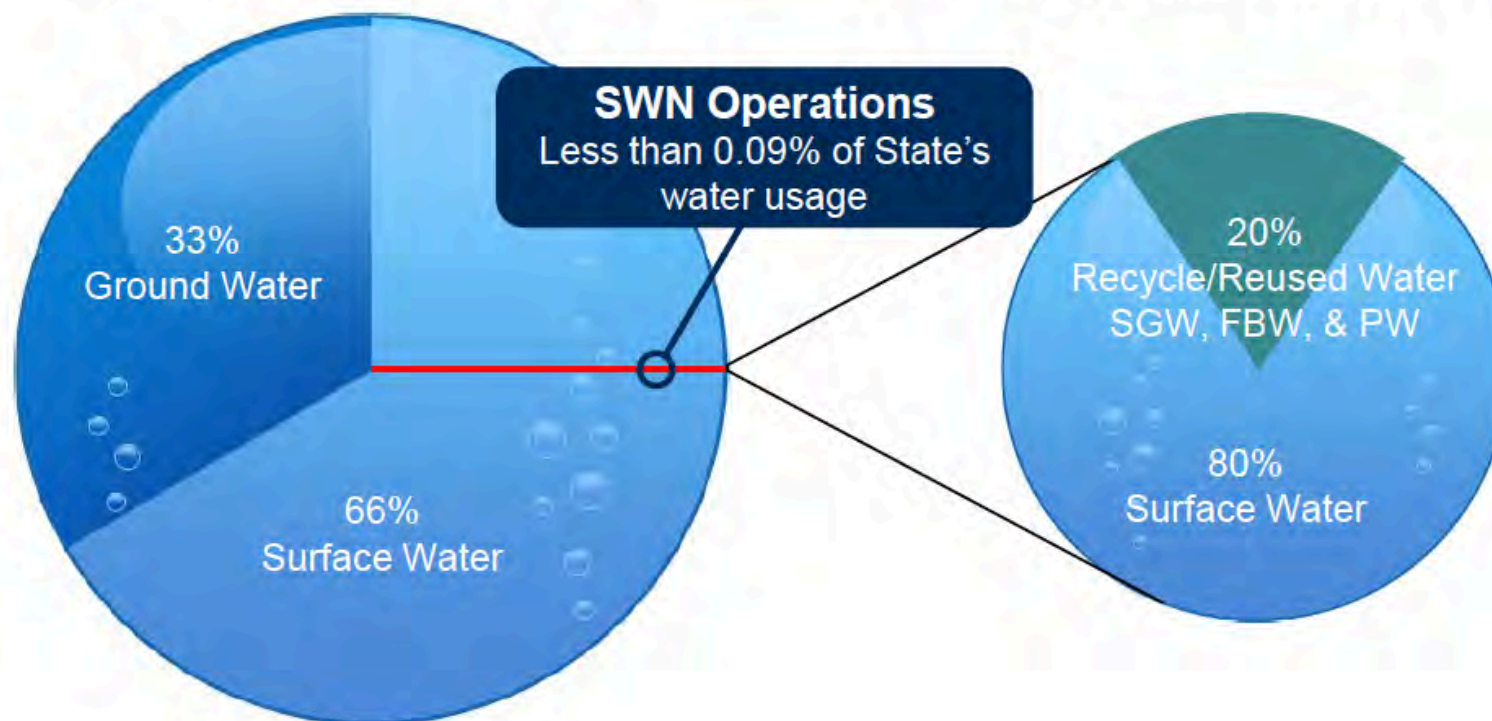
# Hydraulic Fracturing - The Facts



## WATER DEMAND EXAMPLE

Statewide Demand:  
11,500 million gallons/day

SWN Operations Demand:  
10 million gallons/day (600 Wells/year)



Source: Southwestern Energy - November 2011 Update

Source: U.S. Geological Survey, Central Arkansas Water, Southwestern Energy Company estimates.

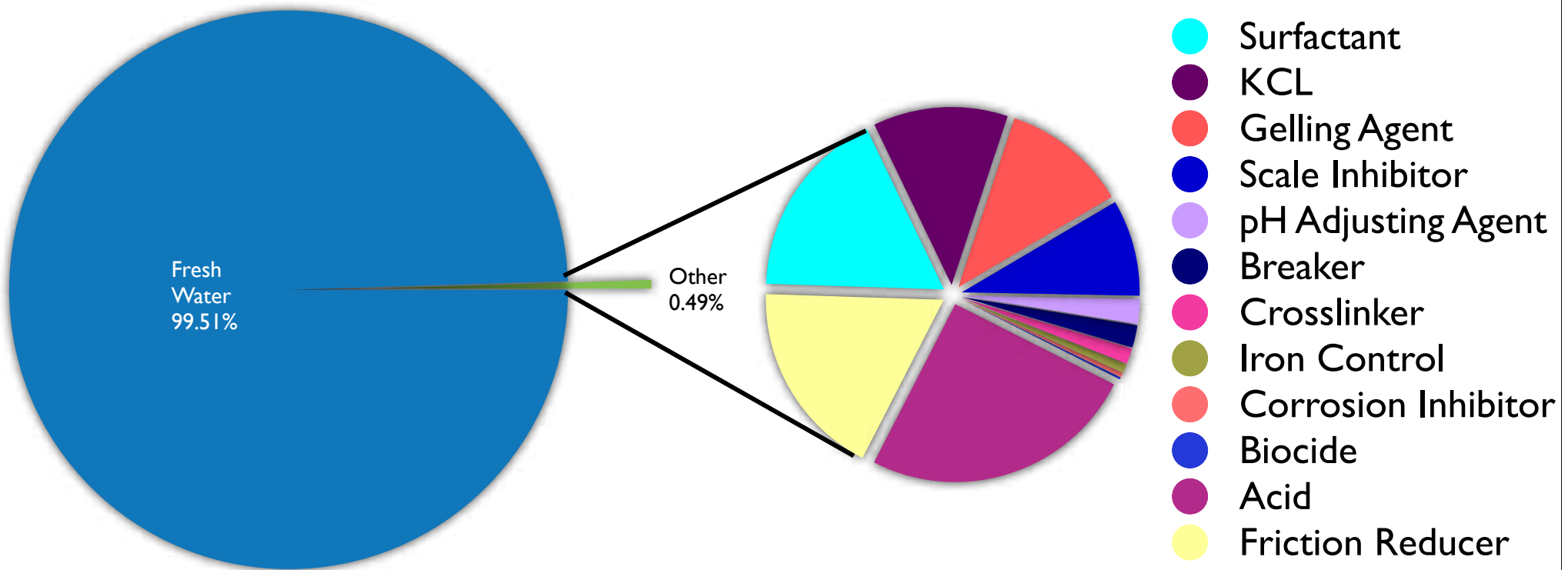
Shallow Ground Water (SGW) – Ground water recovered from shallow formations during the air drilling process.

Flow Back Water (FBW) – Frac Fluid that is recovered from the well after the fracture stimulation.

Produced Water (PW) – Natural formation water that is returned to the surface throughout the producing life of the well.



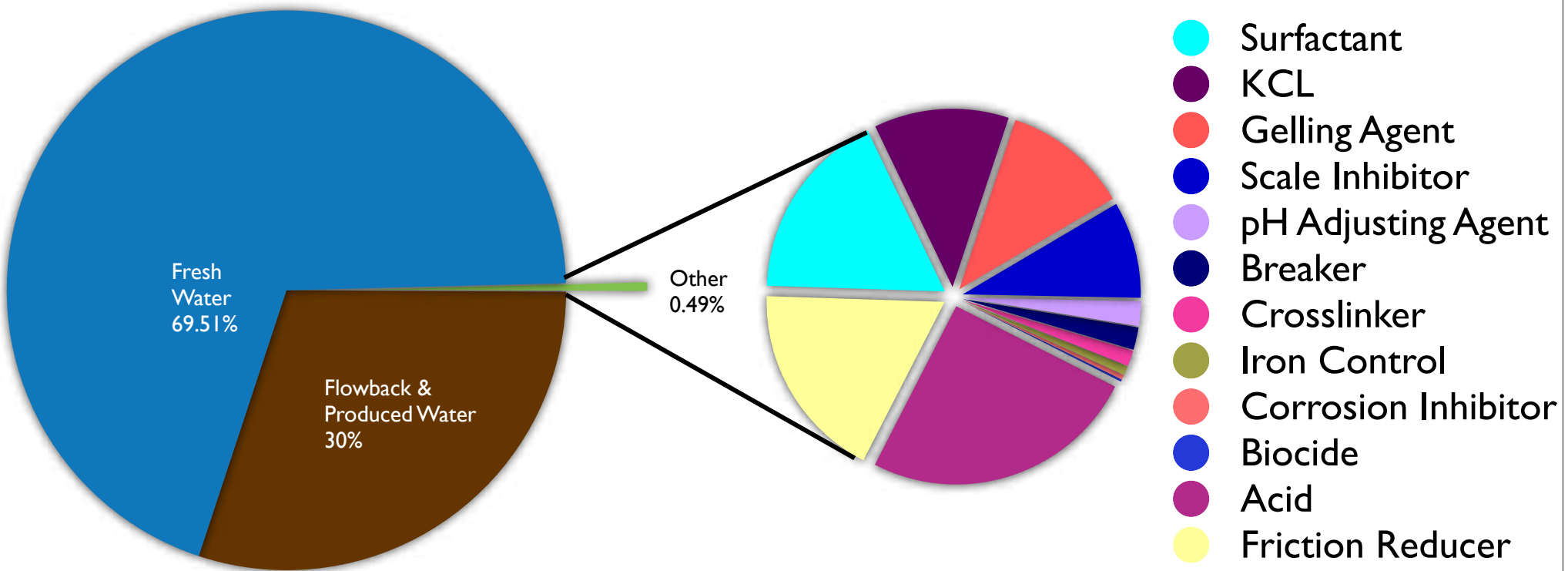
## TYPICAL FRACTURING FLUID MAKE-UP



Source: FracFocus.org



## TYPICAL FRACTURING FLUID MAKE-UP



Source: FracFocus.org



# Ecosphere Energy Services, LLC - Case Study



## OZONIX INFLUENT



## OZONIX EFFLUENT



**45 Billion SRB / ml**

**95 SRB / ml**

**One Pass Treatment at 3,300 GPM**

Source of the influent water (tested by an independent laboratory) was a 30K bbl storage pit of 100% flowback water from the Fayetteville Shale



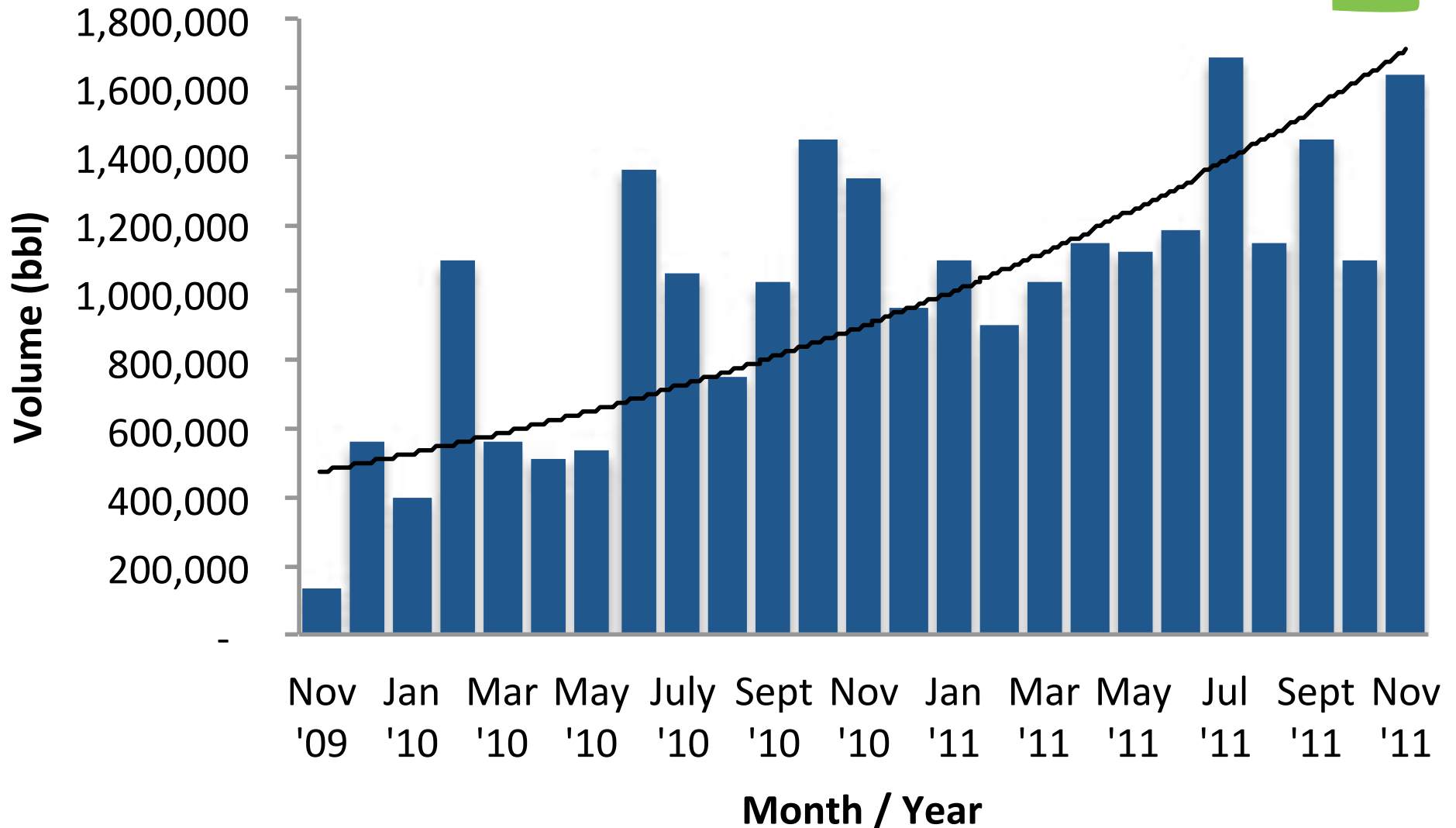
# Ecosphere Energy Services, LLC - Case Study



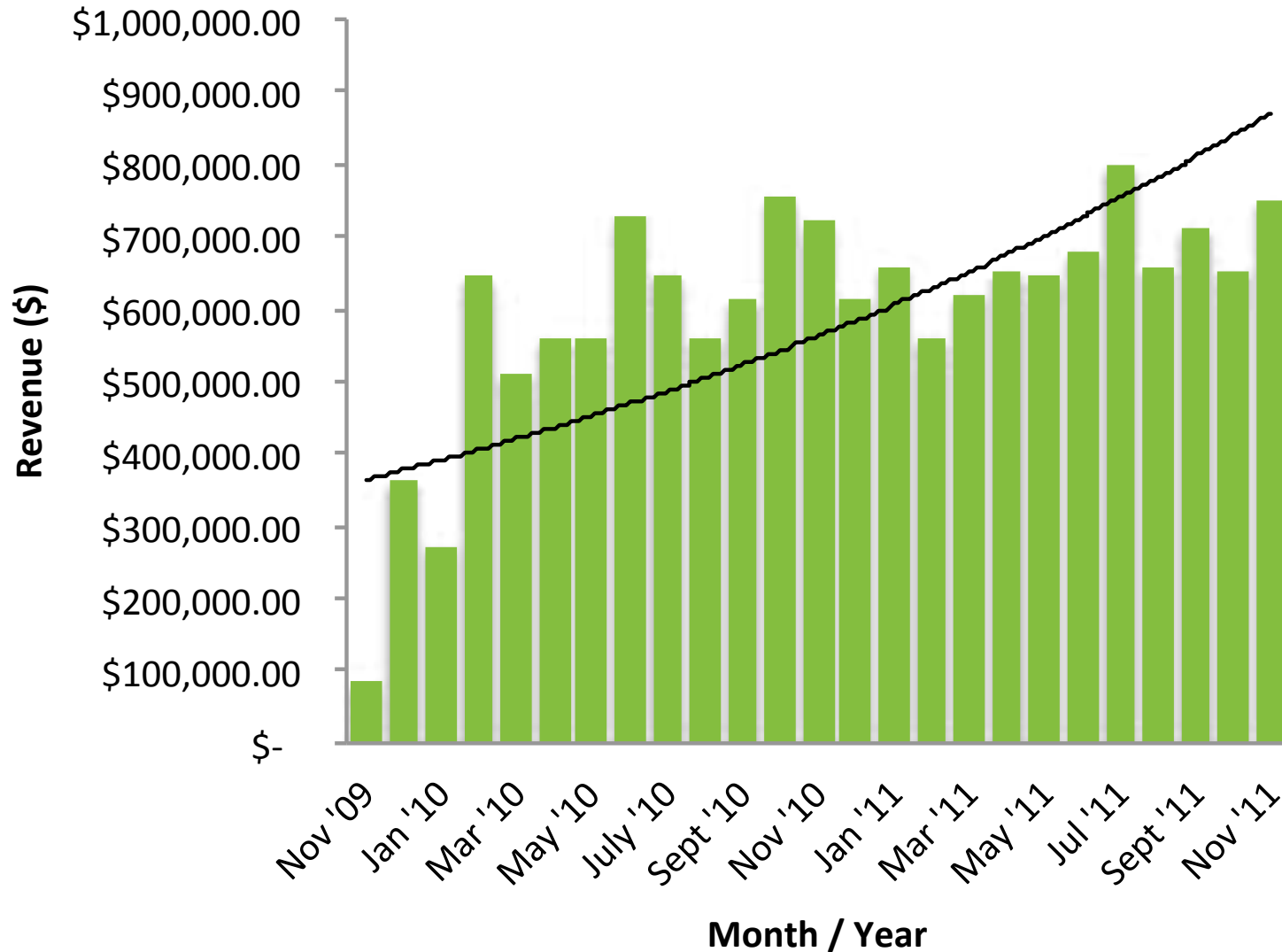
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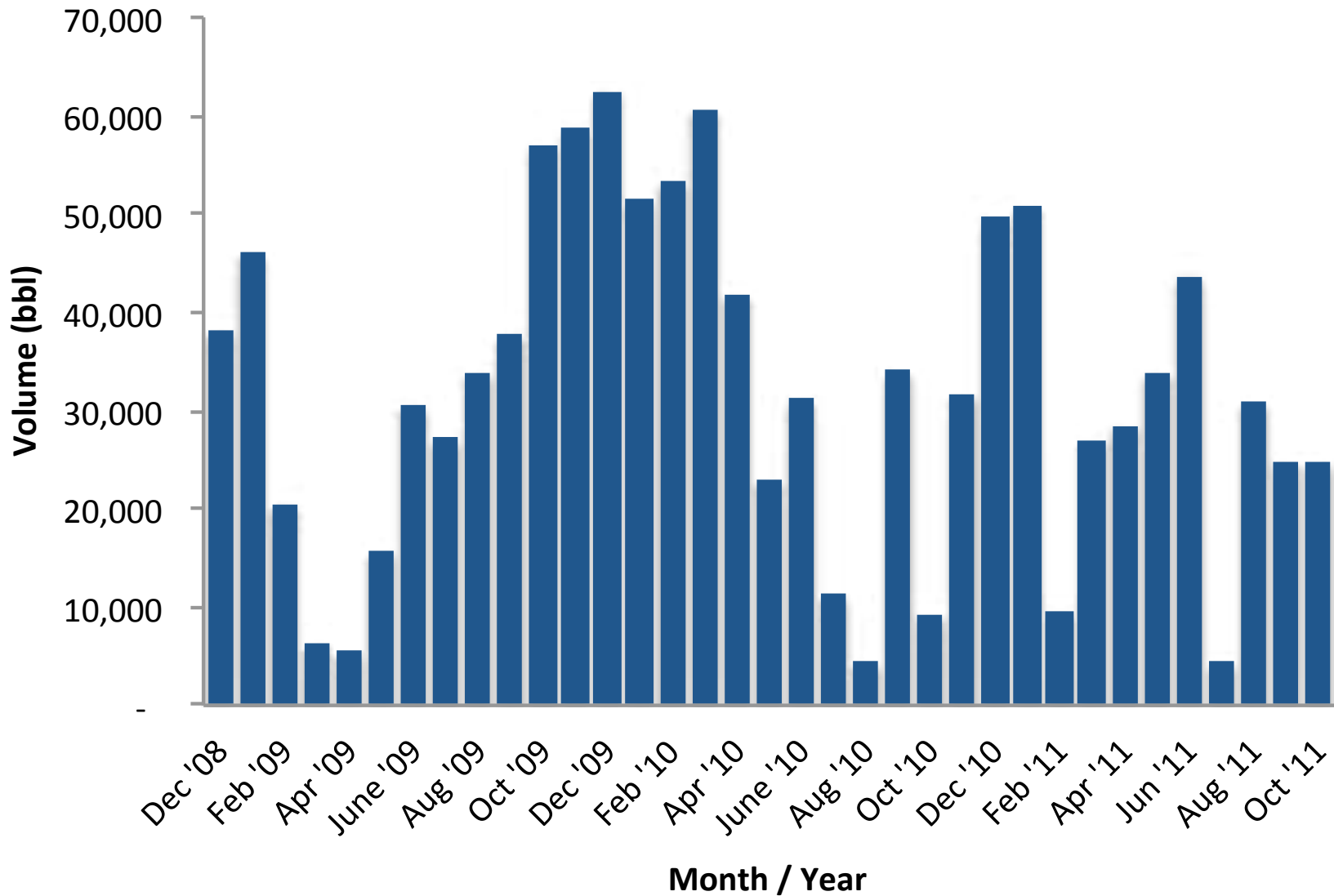
## EES ARKANSAS VOLUME



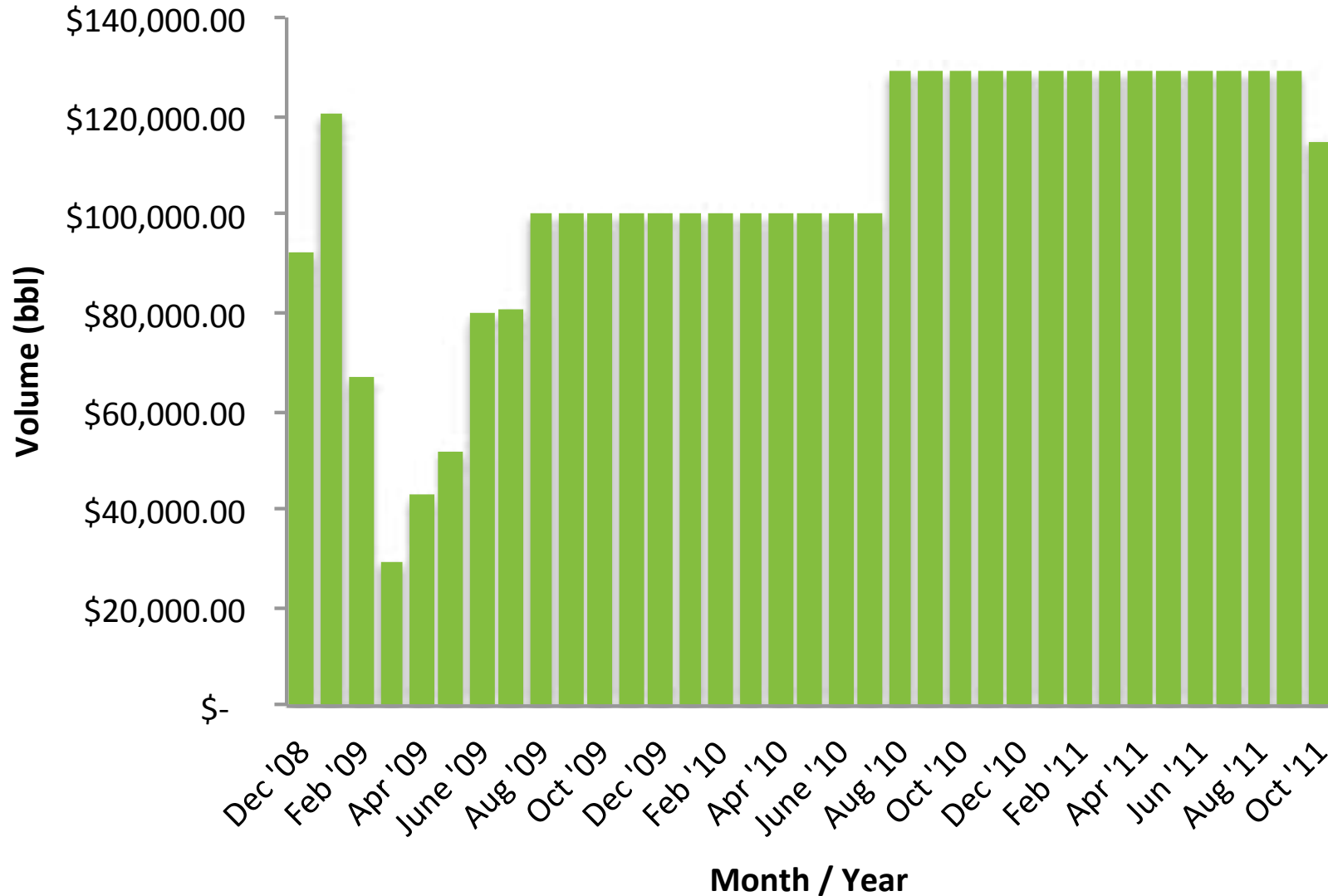
## EES ARKANSAS REVENUE



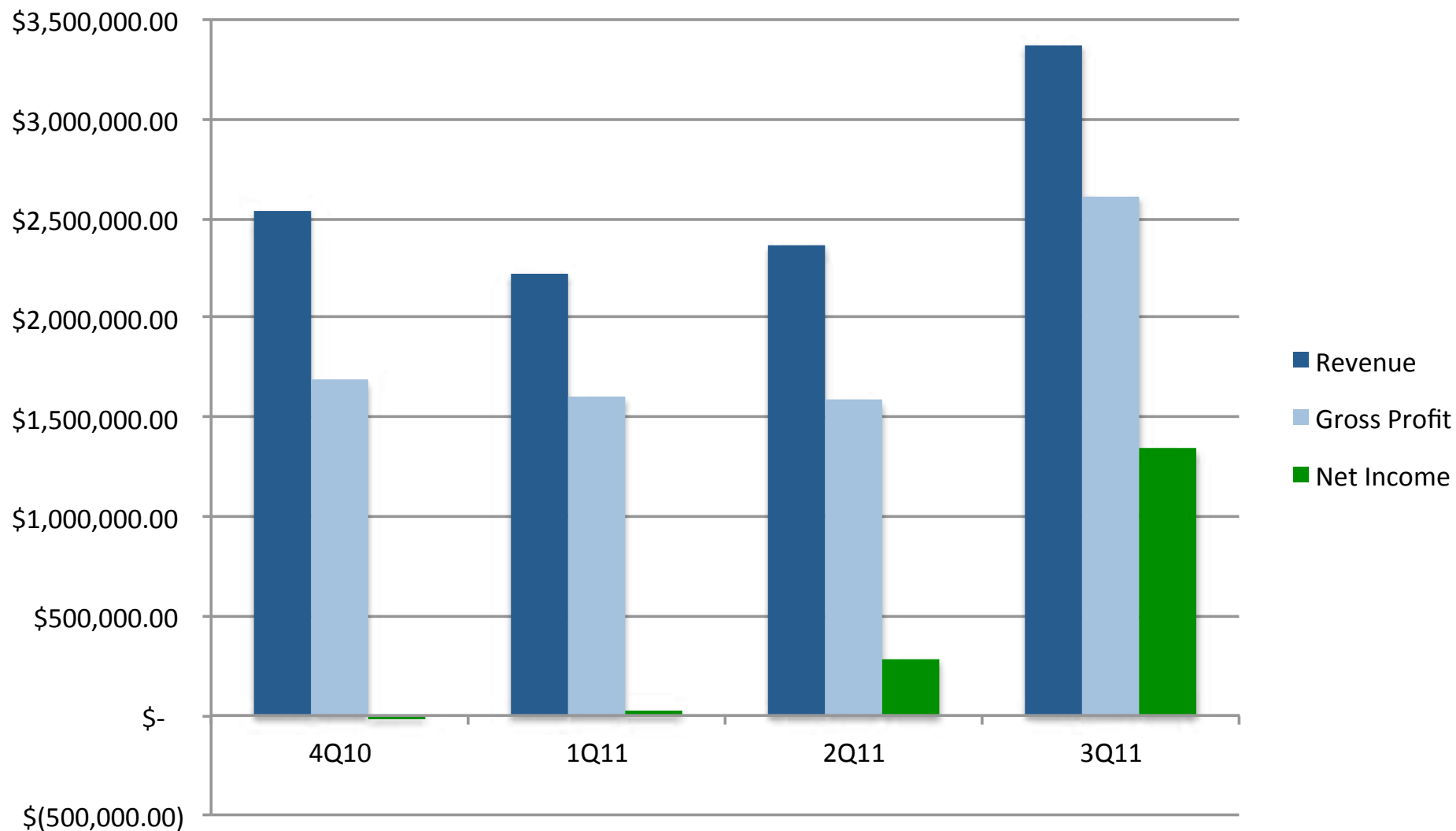
## EES OKLAHOMA VOLUME



## EES OKLAHOMA REVENUE



## FINANCIAL SUMMARY



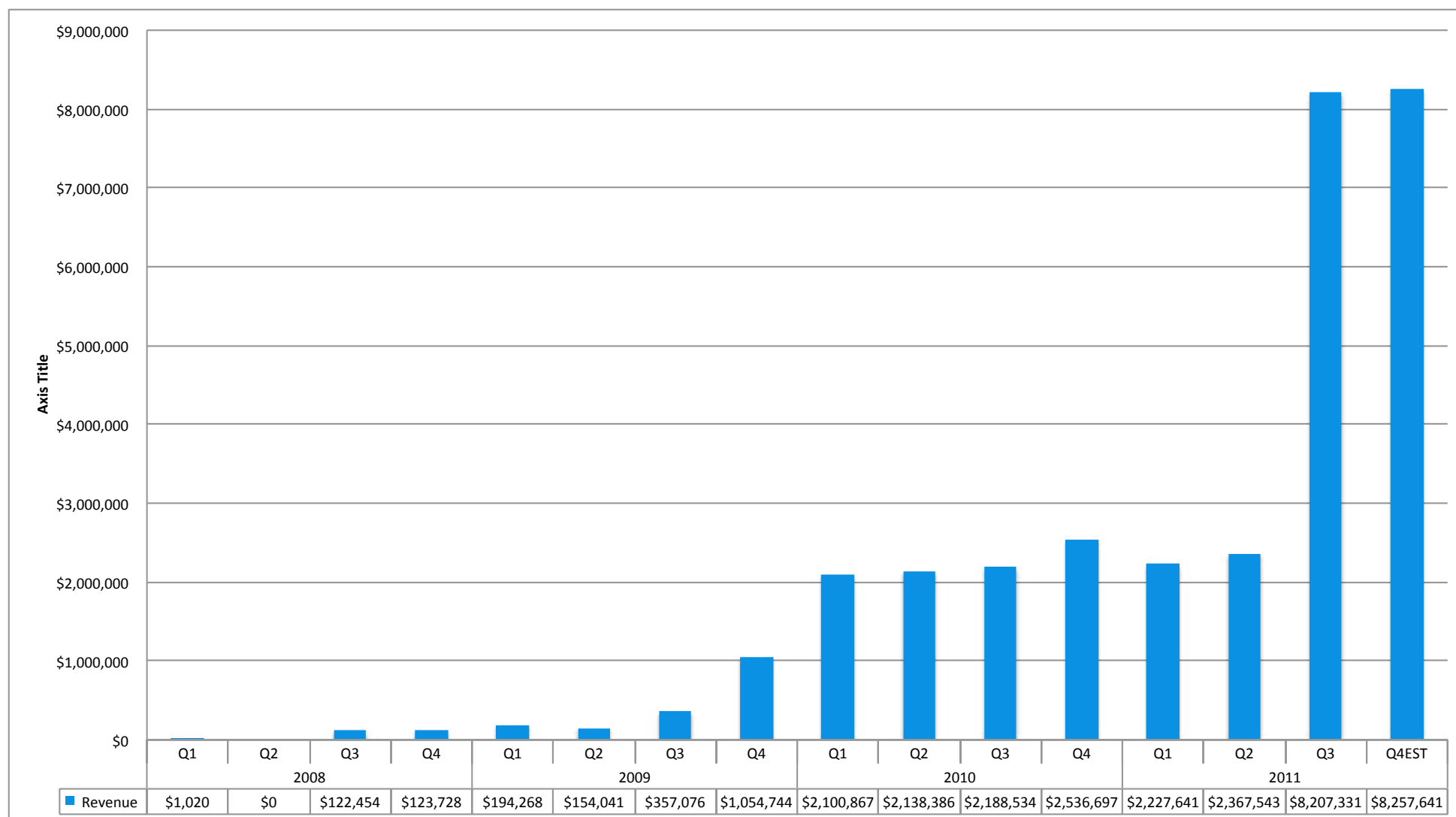
## The Top 20 U.S. Natural Gas Producers

<u>Daily U.S. Natural Gas Production</u> <sup>(1)(2)</sup>						2010 Reported		Proved U.S.		U.S.		U.S. Gas Rigs	
Company <sup>(3)</sup>	Ticker	1Q'11	4Q'10	1Q'10	1Q'11 vs. 4Q'10 % Change	1Q'11 vs. 1Q'10 % Change	U.S. Net Proved Natural Gas Reserves	RP Ratio <sup>(4)</sup>	Natural Gas Reserves Ranking	Gas Rigs Drilling on 5/6/11 <sup>(6)</sup>	Gas Rigs Drilling on 1/1/10 <sup>(6)</sup>	% Drilling Change Since 1/1/2010	
1	ExxonMobil	XOM	3,904	3,869	3,733	0.9%	4.6%	26,111	18	1	54	52	4%
2	Chesapeake	CHK	2,703	2,558	2,328	5.7%	16.1%	15,455	16	2	91	110	(17%)
3	Anadarko	APC	2,412	2,141	2,393	12.7%	0.8%	8,117	9	6	20	24	(17%)
4	Devon	DVN	1,964	1,963	1,952	0.1%	0.6%	9,065	13	5	49	34	44%
5	BP	BP	1,905	2,085	2,221	(8.6%)	(14.2%)	13,743	20	3	5	12	(58%)
6	EnCana	ECA	1,801	1,835	1,850	(1.9%)	(2.6%)	7,477	11	7	28	40	(30%)
7	ConocoPhillips	COP	1,589	1,669	1,799	(4.8%)	(11.7%)	10,479	18	4	10	10	0%
8	Southwestern	SWN	1,277	1,209	997	5.6%	28.1%	4,930	11	10	14	16	(13%)
9	Chevron	CVX	1,270	1,307	1,378	(2.8%)	(7.8%)	2,472	5	19	4	1	300%
10	Williams	WMB	1,155	1,180	1,102	(2.1%)	4.8%	4,272	10	11	17	14	21%
11	EOG	EOG	1,134	1,241	1,043	(8.6%)	8.7%	6,491	16	8	28	31	(10%)
12	Shell	RDS	1,003	1,199	1,115	(16.3%)	(10.0%)	2,671	7	16	10	14	(29%)
13	Apache	APA	858	838	672	2.4%	27.7%	2,937	9	15	10	8	25%
14	Petrohawk	HK	743	708	609	5.0%	22.1%	3,110	11	13	23	19	21%
15	Occidental	OXY	734	699	675	5.0%	8.7%	3,034	11	14	4	1	300%
16	El Paso	EP	677	648	651	4.5%	4.0%	2,396	10	20	6	8	(25%)
17	QEP Resources	QEP	659	593	514	11.1%	28.2%	2,613	11	17	11	15	(27%)
18	Ultra	UPL	600	600	517	0.1%	16.1%	4,200	19	12	8	11	(27%)
19	Newfield	NFX	503	560	520	(10.1%)	(3.2%)	2,492	14	18	8	14	(43%)
20	Equitable	EQT	446	388	349	14.9%	27.8%	5,206	32	9	11	19	(42%)
<b>Totals / Average</b>			<b>27,338</b>	<b>27,290</b>	<b>26,418</b>	<b>0.2%</b>	<b>3.5%</b>	<b>137,271</b>			<b>411</b>	<b>453</b>	<b>(9%)</b>
<b>Other Producers</b>											<b>481</b>	<b>351</b>	<b>37%</b>
<b>Total</b>											<b>892</b>	<b>804</b>	<b>11%</b>

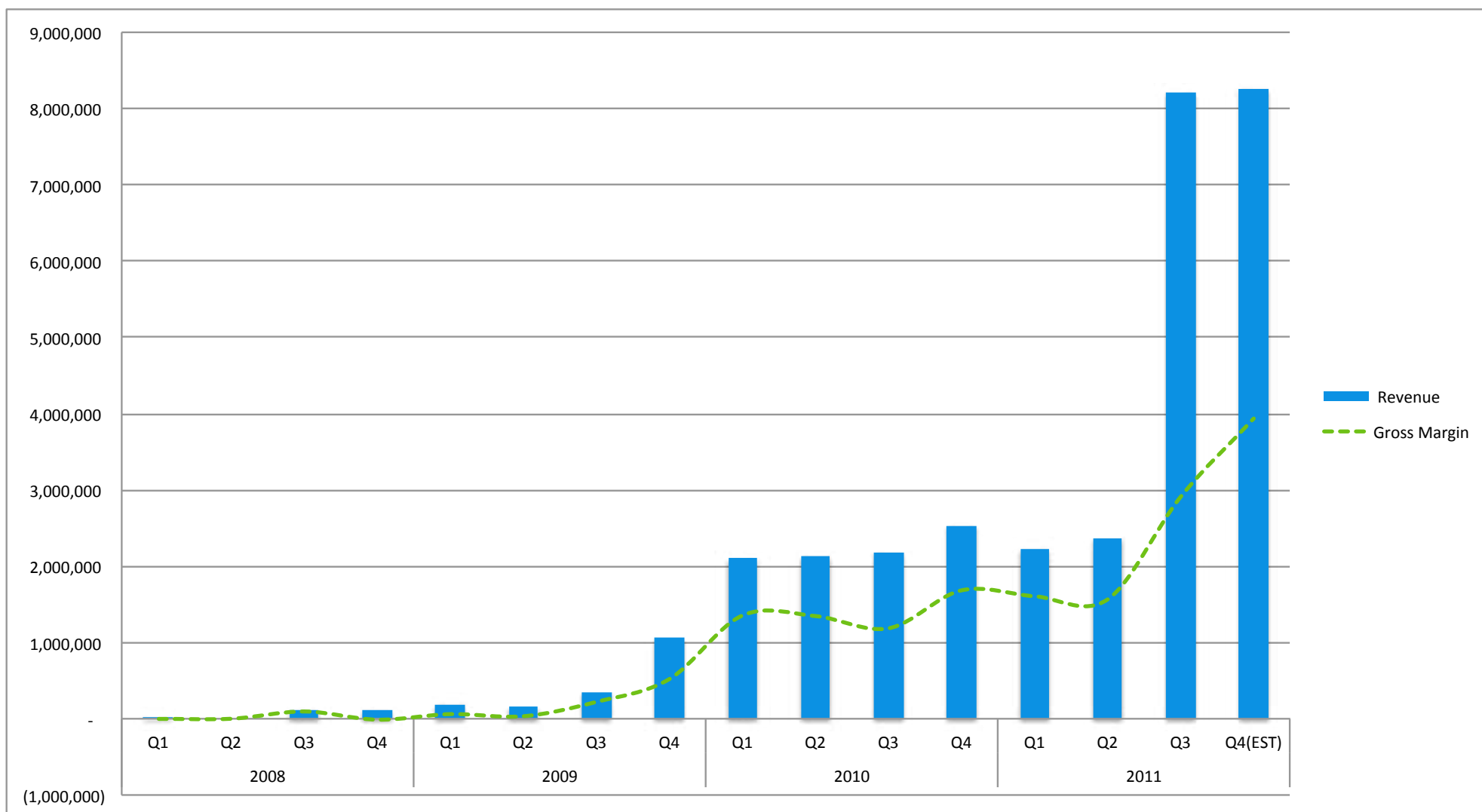
Source: Chesapeake Energy - Regional Economic Advancement Partnership Presentation - July 14, 2011



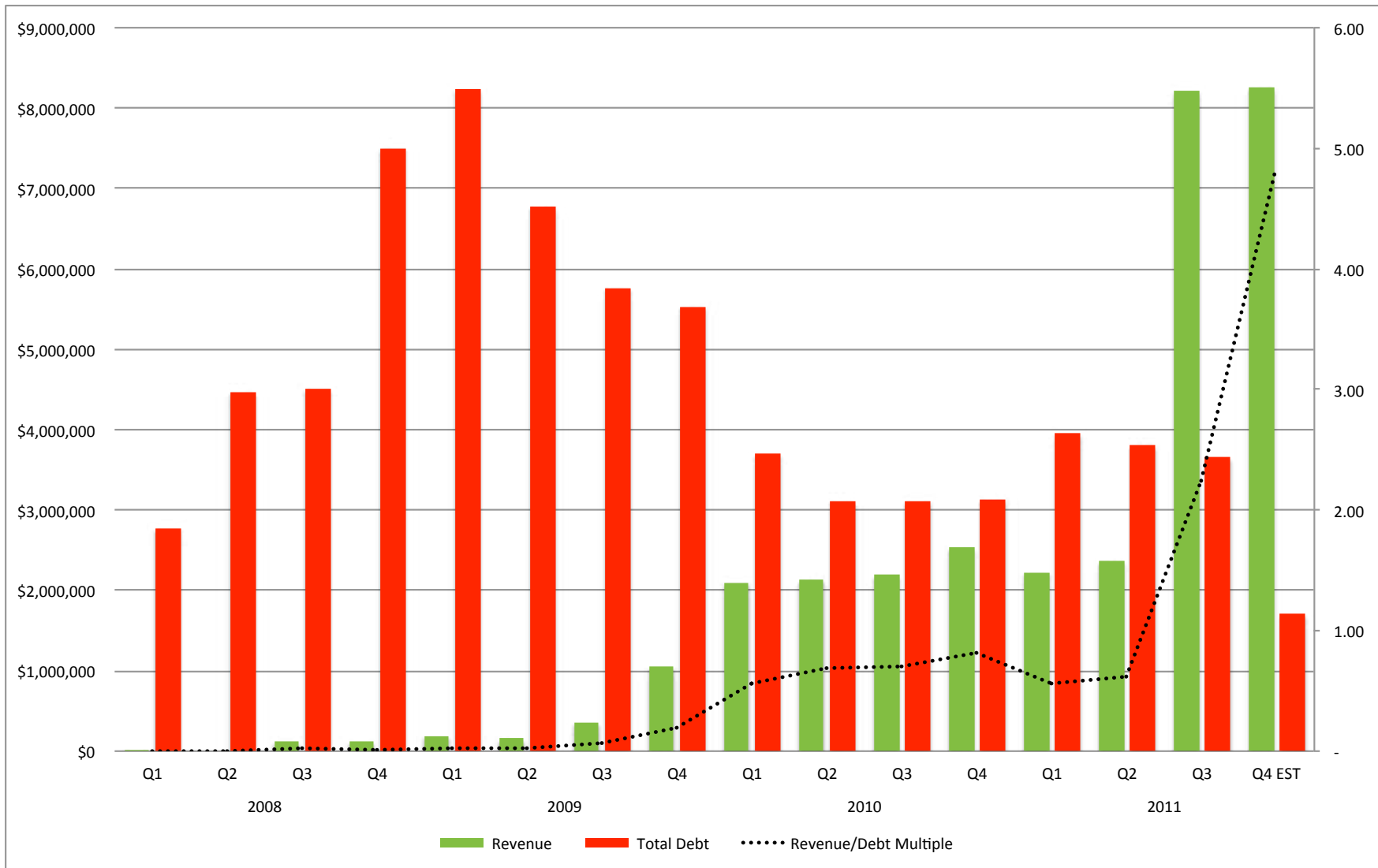
## QUARTERLY REVENUE GROWTH



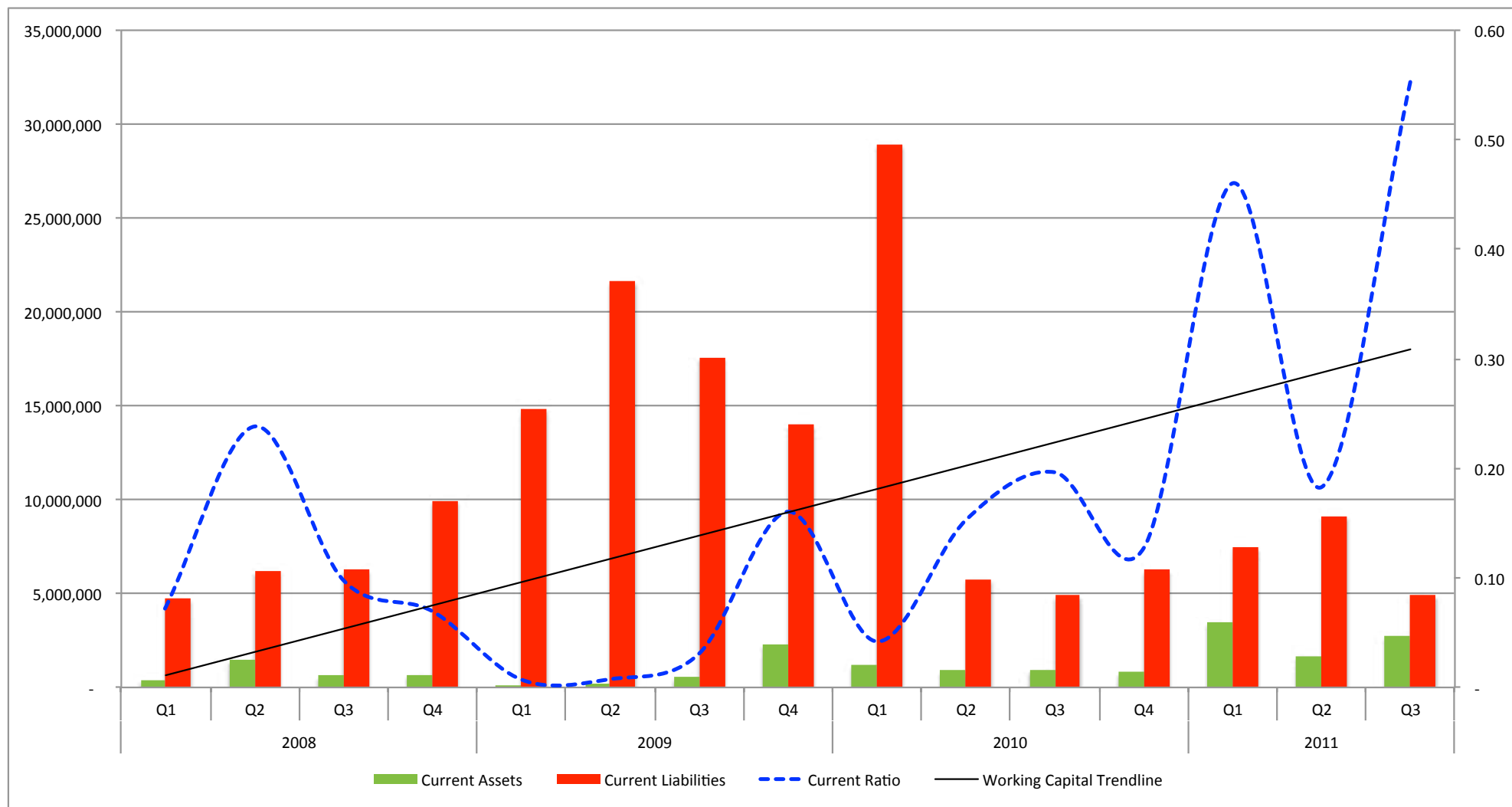
## GROWTH IN GROSS MARGIN



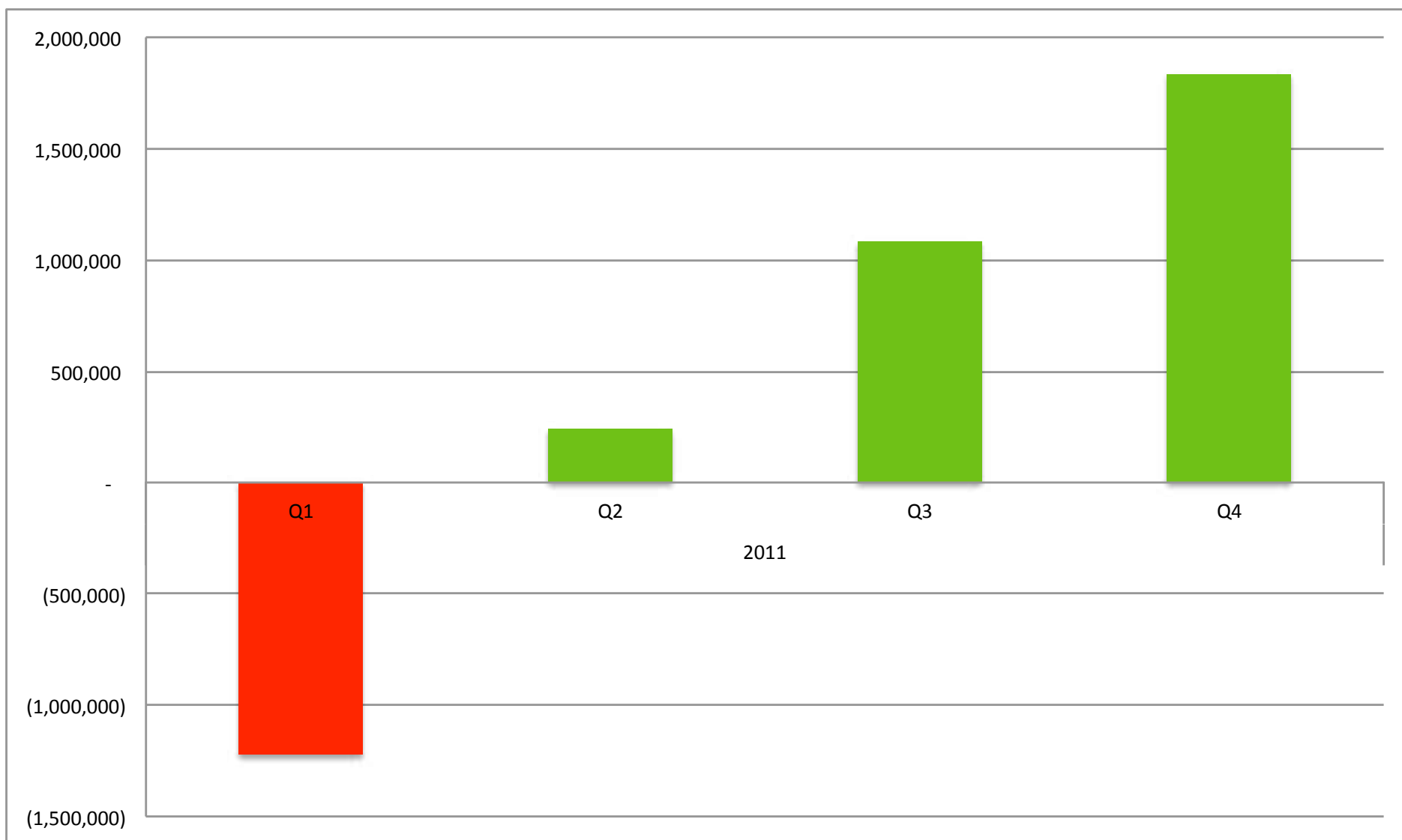
## REVENUE / DEBT MULTIPLE



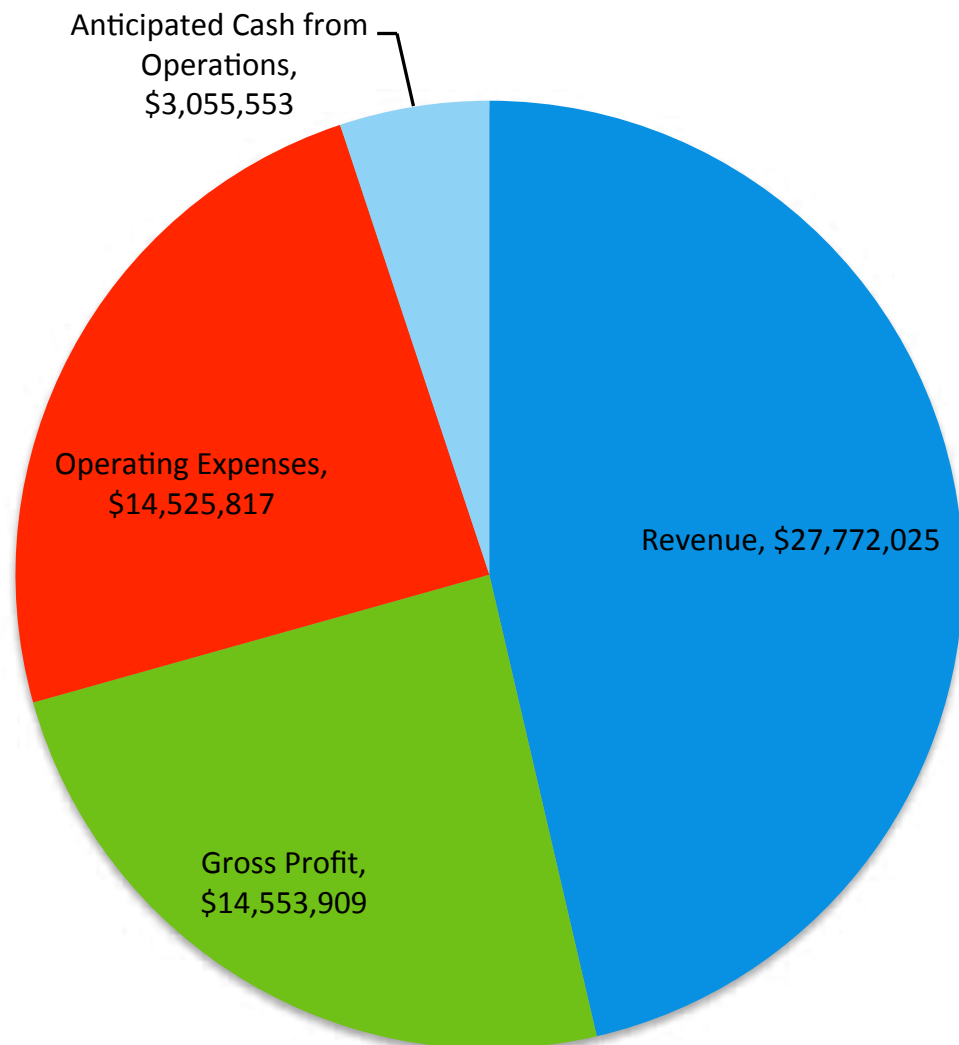
## IMPROVEMENT IN WORKING CAPITAL



## GROWING CASH FROM OPERATIONS



## 2012 PROJECTIONS



## ASSUMPTIONS

- Hydrozonix will fulfill minimums to maintain exclusivity
- Lease payments for equipment continue
- Minimal royalties
- Continuation of current contract with Newfield Exploration
- All numbers are consolidated, except cash from operations
- Cash from operations is net of EES minority interest



## General Information

Ecosphere Technologies, Inc. is a diversified water engineering, technology licensing & environmental services company that designs, develops, & manufactures wastewater treatment solutions for industrial markets.

Ecosphere is dedicated to solving critical water recovery, treatment and recycling challenges for major industries around the world; while improving the quality of life and the environment

## Market Data as of December 14, 2011

OTCQB: ESPH

Shares of Common Stock Outstanding - 145,363,817

Management and Board Ownership - 58,145,527

52-Week Price Range - \$0.48 (12/14/11) - \$0.40 (12/14/11)

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