
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) September 28, 2007

Nexxus Lighting, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-23590

(Commission File Number)

59-3046866

(IRS Employer Identification No.)

124 Floyd Smith Drive, Suite 300, Charlotte, North Carolina

(Address of Principal Executive Offices)

28262

(Zip Code)

(704) 405-0416

(Registrant's Telephone Number, Including Area Code)

9400-200 Southridge Park Court, Orlando, Florida, 32819

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets.

On September 28, 2007, Nexxus Lighting, Inc., a Delaware corporation ("Nexxus Lighting"), completed the previously announced merger of Advanced Lighting Systems, Inc., a Minnesota corporation ("ALS") with and into Advanced Lighting Systems, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Nexxus Lighting ("Merger Sub") pursuant to the terms of an agreement and plan of merger, dated as of August 3, 2007, among Nexxus Lighting, ALS, Merger Sub and Paul Streitz, the sole shareholder of ALS (the "Merger Agreement"). Pursuant to the Merger Agreement, ALS was merged with and into Merger Sub, with Merger Sub continuing as the surviving entity (the "Merger"). Under the terms of the Merger Agreement, the sole shareholder of ALS received cash consideration of approximately \$1.1 million (of which \$200,000 is subject to an indemnity holdback) and 260,000 shares of Nexxus Lighting's common stock at closing, and is entitled to possible future earn-out payments, based upon achievement of certain performance milestones for the years ending December 31, 2007 and December 31, 2008, of up to an aggregate of 425,000 additional shares of Nexxus Lighting's common stock.

The foregoing description of the Merger and the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached as Exhibit 2.1 to Nexxus Lighting's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 7, 2007.

In connection with the completion of the Merger on September 28, 2007, Merger Sub entered into an employment and non-competition agreement with Paul Streitz (the "Employment Agreement"), who served as the president and was the sole shareholder of ALS. Mr. Streitz will serve as the President of Merger Sub.

The Employment Agreement has an initial term expiring on September 28, 2010, and will continue for successive one year increments unless the Employment Agreement is terminated by either party. The Employment Agreement provides that Mr. Streitz shall receive a base salary of \$175,000.00 per annum (which base salary may be increased based on Mr. Streitz' annual performance review) and performance bonus compensation of up to 50% of his base salary. The actual performance bonus payment is based upon the achievement of certain financial and performance objectives.

In addition, the Company has granted Mr. Streitz an option (the "Stock Option") to purchase an aggregate of 100,000 shares of the Company's common stock at an exercise price equal to the fair market value of such stock on September 28, 2007. Except as otherwise provided in the Employment Agreement, subject to Mr. Streitz' continued employment with Nexxus Lighting and/or any subsidiary of Nexxus Lighting ("Group") on the applicable date, the Stock Option shall vest as follows: (i) with respect to 35,000 shares on March 31, 2008, if Mr. Streitz is employed by the Group on December 31, 2007, and Merger Sub and ALS have combined earnings before interest, taxes, depreciation and amortization ("EBITDA") for the 12 months ending December 31, 2007 greater than \$250,000; (ii) with respect to 15,000 shares on March 31, 2008, if Mr. Streitz is employed by the Group on December 31, 2007 and Merger Sub and ALS have revenue for the 12 months ending December 31, 2007 greater than \$3.5 million; (iii) with respect to 35,000 shares on March 31, 2009, if Mr. Streitz is employed by the Group on December 31, 2008 and Merger Sub has EBITDA for the 12 months ending December 31, 2008 greater than \$450,000; and (iv) with respect to 15,000 shares on March 31, 2009, if Mr. Streitz is employed by the Group on December 31, 2008 and Merger Sub has revenue for the 12 months ending December 31, 2008 greater than \$5.0 million.

In the event of termination of Mr. Streitz' employment by the Company for any reason other than cause, death or disability, Mr. Streitz shall receive twelve months base salary, unpaid reimbursable expenses and accrued and unused benefits. The Employment Agreement also contains confidentiality and non-competition provisions.

The forgoing description of the Employment Agreement is qualified in its entirety by the terms of the Employment Agreement which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The disclosure under Item 2.01 is incorporated by reference in this Item 3.02.

The shares of Nexxus Lighting's common stock issued in the Merger and which may be issued pursuant to the earn-out provisions of the Merger Agreement were, or in the case of the future earn-out shares, if any, will be, issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended. Mr. Streitz, the sole shareholder of ALS, represented to Nexxus Lighting that he is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The disclosure under Item 2.01 is incorporated by reference in this Item 5.02.

Item 8.01 Other Events.

On September 28, 2007, Nexxus Lighting issued a press release announcing the closing of the Merger, which is filed as Exhibit 99.1 attached hereto and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

As permitted by Item 9.01(a)(4) of Form 8-K, Nexxus Lighting will, if required, file the financial statements required by Item 9.01(a)(1) of Form 8-K pursuant to an amendment to this Current Report on Form 8-K not later than seventy one (71) calendar days after the date this Form 8-K must be filed.

(b) Pro Forma Financial Information.

As permitted by Item 9.01(b)(2) of Form 8-K, Nexxus Lighting will, if required, file the financial statements required by Item 9.01(b)(1) of Form 8-K pursuant to an amendment to this Current Report on Form 8-K not later than seventy one (71) calendar days after the date this Form 8-K must be filed.

(c) Not applicable.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement, dated September 28, 2007, between Advanced Lighting Systems, LLC and Paul Streitz
99.1	Press Release, dated September 28, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

September 28, 2007

NEXXUS LIGHTING, INC.

/s/ Michael A. Bauer

Name: Michael A. Bauer

Title: President and Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Description
10.1	Employment Agreement, dated September 28, 2007, between Advanced Lighting Systems, LLC and Paul Streitz
99.1	Press Release, dated September 28, 2007

EMPLOYMENT AND NON-COMPETITION AGREEMENT

This Employment and Non-Competition Agreement (this "Agreement"), is dated as of the 28th day of September, 2007 (the "Effective Date") and is entered into by and between **Advanced Lighting Systems, LLC**, a Delaware limited liability company ("Employer") and **Paul Streitz**, an individual resident of the State of Minnesota ("Employee").

W I T N E S S E T H :

WHEREAS, Employer is a wholly owned subsidiary of Nexxus Lighting, Inc., a Delaware corporation ("Parent").

WHEREAS, effective as of the date hereof, Advanced Lighting Systems, Inc., a Minnesota corporation ("ALS"), was merged (the "Merger") with and into Employer (known prior to the Merger as Advanced Lighting Systems, LLC), pursuant to the terms of that certain Agreement and Plan of Merger, dated of even date herewith, by and among Parent, ALS, Employer and Employee (the "Merger Agreement");

WHEREAS, heretofore Employee was the owner and president of ALS; and

WHEREAS, in accordance with the terms of the Merger Agreement, and in consideration of the consummation of the Merger, and as a condition to the parties obligations to consummate the Merger, Employer and Employee desire to enter into this Agreement relating to the employment of Employee by Employer, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, Employee and the Employer agree as follows:

Section 1. Employment of Employee

(a) Term. Employee's employment hereunder will commence on the Effective Date and will terminate three (3) years after the Effective Date (the "Initial Term"). Thereafter this Agreement will be extended automatically for successive one-year periods (each a "Renewal Term"; and together with the Initial Term, collectively, the "Term"), unless either party gives at least ninety (90) days' written notice to the other party of its desire to terminate this Agreement prior to the end of the Initial Term or any Renewal Term, as the case may be (a "Non-Renewal Notice"). During such 90-day notice period, Employee agrees to continue to provide services under this Agreement. Employee's employment hereunder may be terminated sooner than the expiration of the Term pursuant to the terms and conditions described below in Section 2. If either party provides written notice to the other party of its desire to terminate this Agreement at least ninety (90) days prior to the expiration of the Initial Term or any Renewal Term, upon the expiration of the Initial Term or any Renewal Term, as applicable, this Agreement shall terminate. The provisions of Sections 2, 3, 4, 5, 6 and 8 shall continue in effect after termination of this Agreement. The date on which Employee ceases to be employed by Employer, regardless of the reason therefore is referred to in this Agreement as the "Date of Termination."

(b) Duties and Responsibilities. Employer engages and employs Employee as the President of Employer for the Term, and Employee accepts such employment, on the terms and

subject to the conditions of this Agreement. During the Term, Employee agrees to faithfully exercise such authority and perform such responsibilities and duties on behalf of Employer as are normally associated with his title and position as President, as well as such other reasonable duties, responsibilities or positions as the Chief Executive Officer of Parent or the Board of Directors or managers of Employer (the "Board") may reasonably determine. Employee will apply his best efforts, entire working time, attention, and energies to the business of Employer and shall assume and perform such reasonable responsibilities and duties as may be assigned to him from time to time. To the extent that the Employer shall have any parent, subsidiaries, or affiliated corporations (collectively "Related Entities"), Employee shall perform such duties to promote these entities and their respective interests to the same extent as the interests of the Employer and without additional compensation. At all times during the Term, Employee agrees to abide by any employee handbook, policy or practice that Employer has established with respect to, and that is generally applicable to, its employees. Notwithstanding the foregoing, Employee shall be permitted to engage in charitable and civic activities, manage his personal passive investments and engage in real estate endeavors; provided that such activities (individually or collectively) do not materially interfere with the performance of his duties or responsibilities under this Agreement.

(c) Compensation. During the Term, as full compensation for his services hereunder and in consideration for Employee's covenants contained in this Agreement, Employer shall pay Employee a base salary at the per annum rate of \$175,000 payable in accordance with the customary payroll practices of Employer ("Base Salary"). In addition, during the Term, Employee shall be eligible to receive performance bonus compensation of up to fifty percent (50%) of Base Salary under performance criteria to be determined on an annual basis by the Board of Directors of Parent or the compensation committee of the Board of Directors of Parent (the "Compensation Committee") after consultation with Employee. The initial performance criteria for the period ending December 31, 2007 are set forth on the attached Exhibit A, which Exhibit may be amended on an annual basis to reflect the performance criteria determined in accordance with this Agreement. The Base Salary payable to Employee during each fiscal year commencing after December 31, 2007, shall be established by the Compensation Committee based on Employee's annual performance review depending on various factors, such as Employer's performance and Employee's satisfactory job performance, but in no event shall the Base Salary for any subsequent year be less than the Base Salary in effect for the prior year. Notwithstanding anything herein to the contrary, subject to the consent of Employer, which consent shall not be unreasonably withheld, Employee may choose to receive a commercially reasonable Base Salary that is less than the Base Salary to which he is entitled by providing Parent with thirty (30) days' written notice.

(d) Stock Options. On the Effective Date, Employee shall be granted stock options pursuant to Parent's 2003 Stock Incentive Plan to purchase an aggregate of 100,000 shares of Parent's common stock at an exercise price equal to the fair market value of such shares on the Effective Date as determined by the Compensation Committee. Except as otherwise provided in this Agreement, subject to Employee's continued employment with Parent and/or any subsidiary of Parent ("Group") on the applicable date, the stock options shall vest as follows: (i) with respect to 35,000 shares on March 31, 2008, if Employee is employed by the Group on December 31, 2007, and Employer and ALS have combined earnings before interest, taxes, depreciation and amortization ("EBITDA") for the 12 months ending December 31, 2007 greater than \$250,000; (ii) with respect to 15,000 shares on March 31, 2008, if Employee is employed by the Group on December 31, 2007 and Employer and ALS have revenue for the 12 months ending December 31, 2007 greater than \$3.5 million; (iii) with respect to 35,000 shares on March 31, 2009, if Employee is employed by the Group on December 31, 2008 and Employer has EBITDA for the 12 months ending December 31, 2008 greater than \$450,000; and (iv) with respect to 15,000 shares on March 31, 2009, if Employee is employed by the Group on

December 31, 2008 and Employer has revenue for the 12 months ending December 31, 2008 greater than \$5.0 million. All such stock options shall be subject to the terms and conditions of Parent's stock option plan (a copy of which has been provided to Employee) pursuant to which the options are granted and shall be conditioned upon Employee's execution of a stock option agreement with Parent in substantially the form attached hereto as Exhibit B. Notwithstanding anything to the contrary in this Agreement, options may vest after termination of employment so long as Employee is employed on the last day of the applicable measuring period as set forth above.

For purposes of this Agreement, (i) the revenue and EBITDA of ALS for the period beginning on January 1, 2007 and ending on the closing date of the Merger shall be determined in accordance with generally accepted accounting principles in the United States, as in effect from time to time ("GAAP") consistent with those employed in preparation of ALS's financial statements prior to the Effective Date and (ii) the revenue and EBITDA of Employer shall be determined in accordance with GAAP and accounting policies and procedures consistent with those employed in preparation of Parent's publicly filed financial statements.

For purposes of calculating revenue, (i) all effects of purchase accounting adjustments caused by the transactions contemplated by the Merger Agreement shall be disregarded and (ii) Employer products and services sold directly by Parent or a Related Entity (other than Employer), shall include the amount of revenue generated by such sales as if Parent or such Related Entity (other than Employer) was operating as the third-party reseller of Employer conducting sales of a substantially similar nature with the most favorable discount or reseller rate then applicable to such substantially similar sales.

For purposes of calculating EBITDA, (i) third party professional fees and expenses incurred by ALS or Employee directly related to the performance of the transactions contemplated by the Merger Agreement, (ii) any extraordinary gains or losses and (iii) gains or losses from the sale of capital assets shall be excluded.

Except with respect to calculation of revenue and EBITDA of ALS prior to the closing of the Merger, all amounts calculated in determining revenue and EBITDA under this Agreement shall be determined in accordance with GAAP and accounting policies and procedures consistent with those employed in preparation of Parent's publicly filed financial statements.

(e) Expenses. Employer agrees to pay or reimburse Employee for all reasonable documented business expenses incurred for the business of Employer and/or Related Entities during his employment which have been submitted in accordance with any expense reimbursement policy or practice of Employer.

(f) Benefits. Employer will provide to Employee and, to the extent eligible, his dependents, any benefit, including without limitation, medical insurance, 401k savings plan, etc., which are provided by Employer or Parent generally to their employees, subject to the provisions of the various benefit plans, programs, or policies in effect from time to time. Employer and Parent reserve the right to change or eliminate these benefits at any time. To the extent permitted by the applicable benefit plan, program or policy, Employee's date of hire with ALS will continue to be recognized for all benefit and employment purposes.

(g) Vacation; Personal Days. During the Term, Employee shall be entitled to three (3) weeks paid vacation annually, three (3) personal/sick days and as many holidays as are in accordance with Employer's or Parent's policy then in effect generally for their respective employees. Any unused vacation may be carried over only to the extent permitted by Employer's or Parent's then applicable policies and practices.

(h) Life Insurance. (i) Employee agrees that Employer shall have the right to obtain life insurance on Employee's life, at Employer's sole expense and with Employer as the sole beneficiary thereof. Employee shall (A) cooperate fully with Employer in obtaining such life insurance, (B) sign any necessary consents, applications and other related forms or documents and (C) take any required medical examinations. (ii) Employer agrees to assign, and Employee agrees to assume, all of ALS's rights and obligations under the current life insurance policy that it holds on Employee, at Employee's sole expense and with Employee as the sole beneficiary thereof. Employer shall (A) cooperate fully with Employee in transferring such life insurance and (B) sign any necessary consents, applications and other related forms or documents.

(i) Car Allowance. During the Term, Employer will provide Employee with a monthly car allowance of \$800 to cover the costs of insuring and maintaining an automobile for use in the business of Employer.

(j) Location. The location at which Employee shall perform services for Employer shall be Sauk Centre, Minnesota, or such other principal office of Employer as shall be established by the Board from time to time. Employer may require Employee to travel to other locations on Employer's business. In the event that Employee and his family are required to relocate to another location before the end of the Initial Term, Employer shall reimburse Employee for costs of relocating by paying Employee a \$25,000 non-accountable moving allowance.

Section 2. Termination of Employment

(a) Termination by Employer. Employer may terminate the employment of Employee at any time, with or without Cause (as defined below), immediately upon written notice. If, at any time during the Term, Employer shall terminate Employee for Cause (as defined below), Employer shall provide written notice of termination for Cause to Employee, which notice shall specify in reasonable detail the basis upon which such termination is made.

If Employee's employment is terminated by Employer for any reason other than death, Disability or Cause (as such terms are defined below), during the Term, Employee shall receive (i) Base Salary payable in accordance with the customary payroll practices of Employer for twelve (12) months, (ii) any unpaid reimbursable expenses outstanding as of the Date of Termination and (iii) payment for accrued and unused benefits as of the Date of Termination, such as vacation.

In the event of termination of Employee's employment by Employer for Cause (as defined below), Employee shall receive unpaid Base Salary through, and any unpaid reimbursable expenses outstanding as of, the Date of Termination and payment for accrued and unused benefits as of the Date of Termination such as vacation. If Employee's employment with Employer is terminated by Employer for any reason, or no reason, all of the restrictions contained in Section 3 shall survive the expiration or termination of Employee's employment in accordance with the terms set forth therein. Except as set forth in this Agreement, if Employee's employment with Employer is terminated by Employer, following the Date of Termination the Employer shall have no further obligations under this Agreement.

"Cause" shall be determined by the Board of Directors of Parent and limited to the following: (i) Employee's refusal to perform his duties in a satisfactory manner as contemplated by this Agreement; (ii) dishonesty or other acts by Employee that adversely affect Employer; (iii) a violation of Employer's policies or practices which justifies immediate termination; (iv) arrest or conviction of a felony or of any crime involving moral turpitude, fraud or misrepresentation; (v) the commission by Employee of any act which could reasonably be expected to injure the reputation, business, or business relationships of Employer or any Related Entities; or (vi) any material breach of this Agreement.

(b) Termination by Employee. Employee agrees to provide Employer with at least ninety (90) days' prior written notice of his intent to terminate his employment ("Termination Notice Period"). Failure to provide such notice terminates Employee's entitlement to payment for accrued, unused benefits, such as vacation. In the event of a termination of Employee's employment by Employee, including the termination of Employee's employment upon expiration of the Initial Term or any Renewal Term pursuant to a Non-Renewal Notice delivered by Employee to Employer, Employee shall receive unpaid Base Salary through, and any unpaid reimbursable expenses outstanding as of, the Date of Termination and payment for accrued and unused benefits as of the date of Termination such as vacation. If Employee's employment with Employer is terminated by Employee for any reason, or no reason, all of the restrictions contained in Section 3 shall survive the expiration or termination of Employee's employment in accordance with the terms set forth therein. Employer reserves the right to terminate Employee before the end of the Termination Notice Period provided that Employee shall receive the Base Salary that he would have received from the date of the last payroll payment to the end of the Termination Notice Period and any unpaid reimbursable expenses outstanding as of the Date of Termination and payment for accrued and unused benefits as of the Date of Termination such as vacation. During the Termination Notice Period, Employee agrees to provide services under this Agreement using his best efforts. Except as set forth in this Agreement, if Employee's employment with Employer is terminated by Employee, following the Date of Termination, the Employer shall have no further obligations under this Agreement.

(c) Termination Due to Death or Disability. If Employee's employment with Employer terminates by reason of his death or Disability (as defined below), Employee, or his estate as applicable, shall receive unpaid Base Salary through, and any unpaid reimbursable expenses outstanding as of, the Date of Termination and payment for accrued and unused benefits as of the Date of Termination such as vacation. For purposes hereof, the term "Disability" means Employee's inability, due to a medical condition, physical disability or mental illness, to perform his regular duties for at least 90 days in any 180 consecutive day period, without any reasonable prospect of a full recovery within an additional 30 days that will allow Employee to resume his regular full-time duties. In the case of Disability, the Date of Termination shall be the date the Board determines that Employee's employment has terminated due to Disability. If Employee's employment with Employer terminates as a result of his Disability, all of the restrictions contained in Section 3 shall survive the expiration or termination of Employee's employment in accordance with the terms set forth therein. Except as set forth in the Agreement, If Employee's employment with Employer terminates by reason of his death or Disability, following the Date of Termination, the Employer shall have no further obligations under this Agreement.

Section 3. Non-Competition; Protection of Confidential Information; Etc.

(a) Rationale for Restrictions. Employee agrees that his services hereunder are of a special, unique, extraordinary and intellectual character, and his position with Employer places him in a position of confidence and trust with the customers, suppliers and employees of Employer and/or Related Entities. Employee also acknowledges that Employer and its Related Entities design, manufacture, market and sell LED and fiber optic lighting products used in applications in the commercial, architectural, signage, swimming pool and OEM markets throughout the world and that the Employer and its Related Entities compete with many entities throughout the world. Employee further acknowledges that the rendering of services under this Agreement necessarily requires the disclosure to Employee of Confidential Information (as defined below) of Employer and/or Related Entities. Employee and Employer agree that in the course of employment hereunder, Employee has and will continue to develop a personal relationship with the customers of Employer and/or Related Entities, and a knowledge of these customers' affairs and requirements which may constitute Employer's and/or Related Entities'

primary and only contact with such customers. Employee acknowledges that Employer's and/or Related Entities' relationships with their customers may therefore be placed in Employee's hands in confidence and trust. Employee consequently agrees that it is reasonable and necessary for the protection of the goodwill, trade secrets and legitimate business interests of Employer and/or the Related Entities that Employee make the covenants contained herein, that the covenants are a material inducement for Employer to employ or continue to employ Employee and to enter into this Agreement, and that the covenants are given as an integral part of and incident to this Agreement.

(b) *Non-Competition in Related Business.* While employed by Employer and/or Related Entities and for a period of one (1) year thereafter, Employee shall not, directly or indirectly, whether or not for consideration, enter into the employment of, render any services to, engage, manage, operate, join, or own, lend money or otherwise offer other assistance to or participate in or be connected with, as an officer, director, employee, manager, member, principal, agent, creditor, proprietor, representative, stockholder, partner, associate, consultant or otherwise, any person or entity that competes with Employer and/or Related Entities in the fiber optic and/or LED lighting business throughout the world. Nothing in this Agreement shall prohibit Employee from engaging in real estate endeavors during the Term or at any time thereafter.

(c)(i) *Solicitation of Employees.* While employed by Employer and/or Related Entities and for a period of one (1) year thereafter, Employee shall not, whether for his own account or for the account of any person or entity hire, attempt to hire, solicit, attempt to solicit, endeavor to entice away from Employer or any of the Related Entities, or otherwise interfere with any relationship of Employer or any of the Related Entities with, any person (including, but not limited to, any independent contractor or representative) who is, or during the twelve (12) month period prior to the Date of Termination, was employed by or otherwise engaged to perform services for Employer or any such Related Entities.

(c)(ii) *Solicitation of Customers.* While employed by Employer and/or Related Entities and for a period of one (1) year thereafter, Employee shall not, whether for his own account or for the account of any person or entity solicit, attempt to solicit, endeavor to entice away from Employer or any of the Related Entities, hire, deal with, attempt to attract business from, accept business from, or otherwise interfere with any relationship of Employer or any Related Entities with any person or entity who is or was a customer or client of Employer or any Related Entities during the twenty four (24) month period prior to the Date of Termination.

(d) *Use and Disclosure of Confidential Information.* Employee recognizes and acknowledges that he has access to Confidential Information (as defined below). Accordingly, Employee agrees that he will not, during his employment by Employer and/or Related Entities and for a period of four (4) years thereafter, except as required in the course of his employment with Employer and/or Related Entities, use or disclose any Confidential Information to any individual or entity. Employee further agrees that he will not permit any person or entity to examine or make copies of any documents which contain or are derived from Confidential Information, without the prior written permission of Employer. The provisions of this subparagraph shall not apply to information which is generally known to the public (except by reason of Employee's breach of his obligations hereunder) and information which Employee is required to disclose by order of a court of competent jurisdiction (but only to the extent specifically ordered by such court and, when reasonably possible, after Employee has given Employer or Related Entities prior notice of such intended disclosure so that it or they have the opportunity to seek a protective order if deemed appropriate). Employee also will not disclose to Employer or Related Entities any trade secrets belonging to a former employer.

As used in this Agreement, "Confidential Information" means studies, plans, reports, surveys, analyses, sketches, drawings, specifications, notes, records, memoranda, computer-generated data, or documents, and all other nonpublic information relating to the business activities of Employer and/or the Related Entities, or any other party with whom Employer and/or the Related Entities agrees to hold information of such party in confidence, including, without limitation, all methods, processes, formulas, techniques, equipment, research data, experiments, marketing and sales information, personnel data, customer lists, employee lists, supplier lists, financial data, trade secrets, and the like which presently or, in the future, are in the possession of Employer and/or Related Entities. Said Confidential Information may be in either human or computer readable form, including, but not limited to, software, source code, hex code, or any other form.

(e) *Rights to Intellectual Property.* While employed by Employer, Employee will disclose to Employer any ideas, inventions, works of authorship, or business plans ("Intellectual Property") developed by him which relate directly or indirectly to the business or a similar business of Employer or Related Entities, including without limitation, any process, operation, product or improvement which may be patentable or copyrightable. Employee agrees that the Intellectual Property is or will be the property of Employer and that he will, at Employer's request and cost, do whatever is reasonably necessary to obtain the rights thereto, by patent, copyright or otherwise, for Employer. Employee agrees that all works of authorship protected by copyright law created during Employee's employment with Employer shall be deemed works "made for hire" under the Copyright Act. If, for any reason, the work is not deemed a "work made for hire," Employee otherwise hereby assigns to Employer all rights of copyright in and to any such works. Employee further agrees that, whether or not he is in the employ of Employer, he will reasonably cooperate in good faith to the extent and in the manner requested by Employer in the prosecution or defense of any patent or copyright claims or any litigation or other proceedings involving any Intellectual Property. Employer will pay for all expenses associated with Employee's compliance with this provision.

(f) *Scope of Covenants.* If any of the covenants contained in Section 3 are held to be invalid or unenforceable due to the unreasonableness of the time, geographic area, or range of activities covered by such covenants, such covenants shall nevertheless be enforced to the maximum extent permitted by law and effective for such period of time, over such geographical area, or for such range of activities as may be determined to be reasonable by a court of competent jurisdiction and the parties hereby consent and agree that the scope of such covenants may be judicially modified, accordingly, in any proceeding brought to enforce such covenants.

(g) *Remedies for Breach of the Agreement.* Employee consents and agrees that if he violates any covenants contained in this Agreement, Employer and/or Related Entities would sustain irreparable harm and, therefore, in addition to any other remedies which may be available to it, Employer and/or Related Entities, to the extent and in the manner permitted by applicable law, shall be entitled to an injunction restraining Employee from committing or continuing any such violation of this Agreement. Nothing in this Agreement shall be construed as prohibiting Employer and/or Related Entities from pursuing any other remedy or remedies including, without limitation, recovery of damages. Employee acknowledges that Related Entities have rights under this Agreement and that they may enforce these rights as third party beneficiaries.

(h) *Survival.* The provisions of Section 3 shall survive the termination of this Agreement or Employee's employment irrespective of the reason for such termination. The provisions of Section 3 shall survive in accordance with their terms after this Agreement's expiration or termination of Employee's employment even if Employee continues to work as an employee for Employer or any Related Entity without renewing this Agreement.

These restrictive covenants are intended to benefit Employer and any parent, subsidiary, or other entity affiliated with Employer. Accordingly, these restrictive covenants may be enforced by Employer and any parent, subsidiaries, affiliated corporations, or other Related Entities.

These restrictive covenants shall be construed as agreements independent of any other provision in this Agreement, and the existence of any claim or cause of action of Employee against Employer, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement by Employer of any restrictive covenant. Employer has fully performed all obligations entitling it to the restrictive covenants, and the restrictive covenants therefore are not executory or otherwise subject to rejection under the Bankruptcy Code.

These restrictive covenants may be assigned without the consent of Employee, and they may be enforced by any assignee of, or successor to, the rights set forth in this Agreement. Employer shall provide Employee written notice prior to any such assignment.

(i) Application of Minnesota Statute § 181.78. Any provision in this Agreement requiring Employee to assign his rights in any invention does not apply to an invention which qualifies for exclusion under the provisions of Minnesota Statute § 181.78. That section provides that the requirement to assign does not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on Employee's own time, and (A) which does not relate (1) directly to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (B) which does not result from any work performed by the employee for the employer.

Section 4. Employee's Purchase of Stock During Employment

Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement shall prohibit Employee from acquiring, solely as a passive investment, shares of capital stock or other equity securities of any company which is traded on any national securities exchange or regularly quoted in the over-the-counter market, so long as Employee does not control, acquire a controlling interest in or become a member of a group which exercises direct or indirect control of, more than two percent (2%) of any class of capital stock of such company. During the Term and for a period of one (1) year following Date of Termination, Employee agrees to inform Employer's legal counsel prior to the acquisition of any stock of Employer or any Related Entity.

Section 5. Anti-Disparagement

Each of Employer and Employee covenants and agrees, both during and after the termination of Employee's employment hereunder, not to make any comments which could be construed as negative concerning Employee, Employer or any Related Entity, as the case may be, to any individual or entity, including but not limited to, clients, customers, employees, representatives, agents, consultants or financial or credit institutions.

Section 6. Return of Employer Property On Termination

Employee agrees to promptly return the property of Employer and/or Related Entities, and any other party for whom Employer and/or the Related Entities has agreed to hold property, to Employer's headquarters upon termination of his employment with Employer. Failure to comply with this provision will result in the immediate suspension of any payment then due and owing to Employee under this Agreement until such property is returned. Employer reserves the right to take appropriate legal action against Employee in the event of a breach of this provision.

Section 7. Verification of Compliance

Upon termination of employment, Employee shall, at the request of Employer and for no additional consideration, verify in writing, in the form attached hereto as Exhibit C, his compliance with the provisions of this Agreement relating to Intellectual Property and Confidential Information. This provision shall not give rise to any claim by Employee for severance pay or other payments upon Employee's termination of employment.

Section 8. Miscellaneous Provisions

(a) *Integration, Waiver and Severability.* This Agreement sets forth the entire agreement between the parties with respect to the matters covered herein and supersedes all prior agreements, whether oral or written, with respect to such subject matter. No waiver or modification of this Agreement or of any part contained herein shall be valid unless in writing and duly executed by Employee and approved by the Board. The waiver by Employer or Employee of any breach of a provision of this Agreement shall not be construed as a waiver of any succeeding breach or a waiver of any breach of any other provision. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding or litigation between the parties hereto arising out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. The failure of either party at any time to require performance by the other party of any provision hereunder shall in no way affect the right of that party thereafter to enforce the same, or to enforce any of the other provisions in this Agreement; nor shall the waiver by either party of the breach of any provision hereof be taken or held to be a waiver of any subsequent breach of such provision or as a waiver of the provision itself. Whenever possible each provision, term and covenant of this Agreement will be interpreted in a manner to be effective and valid but if any provision, term or covenant of this Agreement is held to be prohibited or invalid by a court of competent jurisdiction, then such provision, term or covenant will be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision, term or covenant or the remaining provisions, terms or covenants of this Agreement.

(b) *Benefit and Assignability.* This Agreement shall bind Employee, his heirs and successors, and Employer, its successors and assigns. This Agreement requires the personal services of Employee and cannot be assigned by Employee. Employee agrees not to delegate his obligations or duties hereunder or any portion thereof. Employer may, without recourse, assign all its rights and obligations to any entity that acquires or succeeds to the business of Employer by merger, sale of assets, consolidation, operation of law, or otherwise. The rights and obligations of Employer hereunder shall be binding upon and run in favor of the successors and assigns of the Employer. This Agreement shall be enforceable by the successors and assigns of Employer and/or Related Entities.

(c) *Notice.* Any notice required or permitted to be given under this Agreement shall be sufficient if in writing, and if sent by certified mail, return receipt requested, in the case of Employee, to the address set forth on the signature page hereof, unless otherwise changed by Employee through written notice to Employer, and in the case of the Employer, to the office set forth on the signature page hereof, unless otherwise changed by Employer by providing written notice to Employee.

(d) **Section Headings.** The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) **Prevailing Party.** The prevailing party to an action to enforce or defend this Agreement is entitled to attorney's fees and reasonable costs incurred in connection therewith, including, but not limited to, those incurred at the pre-litigation, pre-trial, trial, and appellate levels.

(f) **References.** Whenever the masculine pronoun is used, it includes the feminine pronoun, and the singular includes the plural, and vice versa, where the context requires.

(g) **Counterparts; Facsimile.** This Agreement may be executed in one or more counter-parts, each of which shall be deemed an original, but all of which taken together shall constitute one of the same instrument. A facsimile signature of this Agreement shall be deemed an original.

(h) **Applicable Law; Jurisdiction; Venue; Waiver of Jury Trial.** **THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MINNESOTA, EXCLUDING ITS CHOICE OF LAW PROVISIONS. THE CONVENIENT AND EXCLUSIVE JURISDICTIONS AND VENUE FOR ANY LEGAL ACTION ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE AND FEDERAL COURTS OF COMPETENT JURISDICTION LOCATED IN HENNEPIN COUNTY, OR THE FOURTH DISTRICT OF MINNESOTA AND THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MINNESOTA, SIXTH DIVISION. EACH OF THE PARTIES HERETO AGREES THAT IT SHALL SUBMIT TO, IS AND SHALL BE BOUND BY THE JURISDICTION OF SUCH COURTS. EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING UNDER THIS AGREEMENT OR REGARDING THE EMPLOYMENT OF EMPLOYEE BY EMPLOYER DURING OR AFTER THE TERM OF THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO EMPLOYER ENTERING INTO THIS AGREEMENT.**

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

Employee:

/s/ Paul Streitz

Paul Streitz

Address: Mr. Paul Streitz
Advanced Lighting Systems
519 Lincoln Road
Sauk Centre, MN 56378
Facsimile: 320-352-0089

Employer:

Advanced Lighting Systems, LLC

By: /s/ Michael A. Bauer

Name: Michael A. Bauer

Title: Chief Executive Officer

Address: Mr. Michael Bauer
c/o Nexxus Lighting, Inc.
124 Floyd Smith Drive, Suite 300
Charlotte, NC 28262
Facsimile: 407-857-0050

FOR IMMEDIATE RELEASE

September 28, 2007

For more information: Mike Bauer, President & CEO, Nexxus Lighting, Inc.

Phone: 704-405-0416

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Nexxus Lighting Closes Merger Transaction with Advanced Lighting Systems and Announces Expiration of Letter of Intent to Acquire LightWild

Charlotte, NC – September 28, 2007 – Nexxus Lighting, Inc. (NASDAQ Capital Markets: NEXS) today announced that it has closed the previously announced merger of LED and fiber optic lighting manufacturer, Advanced Lighting Systems, Inc. (“ALS”), with and into a wholly-owned subsidiary of Nexxus Lighting. The newly merged company, Advanced Lighting Systems, LLC, will continue to operate out of ALS’ manufacturing facility in Sauke Centre, Minnesota.

In addition, Nexxus Lighting announced that the non-binding letter of intent it entered into with LightWild, LC in Overland Park, Kansas has expired and will not be extended.

“We are very excited to have closed the merger transaction with ALS. We look forward to integrating ALS as a Nexxus Lighting company and executing our LED product development strategy for both the commercial and entertainment lighting markets,” stated Mike Bauer, President & CEO of Nexxus Lighting. “Our overall strategy for growth in solid state lighting through, among other things, strategic acquisitions is a fundamental part of our core business model and we are continuing to selectively evaluate opportunities that could facilitate expansion of our product offering and penetration into new market segments.”

Nexxus Lighting is a leader in advanced lighting technology, including solid-state LED and fiber optic lighting systems and controls used in commercial, architectural, signage, swimming pool and retail lighting. ALS is focused on solid-state LED and fiber optic lighting technology in the entertainment, commercial, architectural and OEM lighting markets.

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Certain of the above statements contained in this press release are forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Reference is made to Nexxus Lighting’s filings under the Securities Exchange Act for factors that could cause actual results to differ materially. Nexxus Lighting undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.