

ACORN ENERGY, INC.
Form 10-K
March 16, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

Commission file number: 0-19771

ACORN ENERGY, INC.
(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of incorporation or organization)

22-2786081
(I.R.S. Employer Identification No.)

4 West Rockland Road, Montchanin, Delaware
(Address of principal executive offices)

19710
(Zip Code)

302-656-1707
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange on Which Registered
Common Stock, par value \$.01 per share	The NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of last day of the second fiscal quarter of 2010, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$76.4 million based on the closing sale price on that date as reported on the NASDAQ Global Market. As of March 9, 2011 there were 17,343,005 shares of Common Stock, \$0.01 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

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Certain statements contained in this report are forward-looking in nature. These statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “should” or “anticipates”, or the negative thereof, or comparable terminology, or by discussions of strategy. You are cautioned that our business and operations are subject to a variety of risks and uncertainties and, consequently, our actual results may materially differ from those projected by any forward-looking statements. Certain of such risks and uncertainties are discussed below under the heading “Item 1A. Risk Factors.”

AquaShield™ and PointShield™ are trademarks of our DSIT Solutions Ltd. subsidiary. CoaLogix™ and MetalliFix™ are trademarks of our CoaLogix subsidiary. Line IQ™, Transformer IQ™, Bushing IQ™ and PowerMonic™ are trademarks of our GridSense subsidiary.

PART I

ITEM 1.BUSINESS

OVERVIEW

Acorn Energy, Inc. (the Company”) is a holding company focused on technology driven solutions for energy infrastructure asset management. Our four businesses improve the world’s energy infrastructure by making it cleaner and less expensive to operate air pollution systems for coal and gas-fired power plants (CoaLogix), more secure by providing security solutions for underwater energy infrastructure (DSIT), more reliable by providing condition monitoring instruments for critical assets on the electric grid (GridSense) and more productive and efficient by increasing oil and gas production while lowering costs through use of ultra-high sensitive seismic tools for more precise pinpointing of oil and gas reservoirs (USSI).

Through our majority or wholly-owned operating subsidiaries we provide the following services and products:

- Air Pollution Control Services. We provide selective catalytic reduction (“SCR”) catalyst and management services for coal-fired power plants through our CoaLogix Inc. ("CoaLogix") subsidiary. These services include SCR catalyst management, cleaning and regeneration as well as consulting services to help power plant operators optimize efficiency and reduce overall nitrogen oxides (“NOx”) compliance costs through CoaLogix’s SCR-Tech LLC (“SCR-Tech”) subsidiary.
- Energy & Security Sonar Solutions (formerly known as Naval and RT Solutions). We provide sonar and acoustic related solutions for energy, defense and commercial markets with a focus on underwater site security for strategic energy installations and other real-time and embedded hardware and software development and production through our DSIT Solutions Ltd. ("DSIT") subsidiary.
- Smart Grid Distribution Automation. These products and services are provided by our GridSense subsidiary which develops markets and sells remote monitoring and control systems to electric utilities and industrial facilities worldwide.
- Energy and Security Sensor Systems. These products and services are provided by our US Sensor Systems Inc. subsidiary ("USSI") which develops and produces “state of the art” fiber optic sensing systems for the energy, commercial security and defense markets worldwide.

During 2010, each of the four abovementioned activities represented a reportable segment. In addition, our “Other” segment represents IT and consulting activities at our DSIT subsidiary.

REVENUES BY COMPANY

The following table shows, for the periods indicated, the dollar amount (in thousands) of the consolidated revenues attributable to each of our consolidated companies. The revenues of USSI are included in our consolidated financial statements effective February 23, 2010. The revenues of GridSense are included in our consolidated financial statements effective May 12, 2010. Accordingly, there are no comparative revenues reported for these activities for 2009. On December 17, 2010, we discontinued our Coreworx activities. Accordingly, Coreworx' revenues and results are excluded for all periods indicated.

	Year ended December 31,		Three months ended December 31,	
	2009	2010	2009	2010
CoaLogix	\$ 18,099	\$ 21,450	\$ 5,338	\$ 6,638
DSIT Solutions	9,219	11,457	2,746	2,843
GridSense	—	2,382	—	1,194
USSI	—	405	—	212
Total	\$ 27,318	\$ 35,694	\$ 8,084	\$ 10,887

AIR POLLUTION CONTROL SERVICES – COALOGIX

Through SCR-Tech, which is 100% owned by our 72% owned CoaLogix subsidiary, we offer a variety of services for coal-fired power plants that use SCR systems to reduce nitrogen oxides (“NOx”) emissions. NOx emissions are contributors to ground-level ozone (smog), particulate matter and acid rain. These services include SCR catalyst management, cleaning and regeneration, as well as consulting services to help power plant operators optimize efficiency and reduce overall NOx compliance costs.

Coal-fired power plants, in particular, continue to be a primary target for NOx reduction, and selective catalytic reduction remains the most widely used technology by plant operators to control NOx. With NOx removal efficiencies of up to 95%, SCR systems are considered to be the most effective NOx reduction solution, and we expect it to remain the dominant technology choice for coal-fired power plants to meet increasingly stringent U.S. air quality regulations.

The average useful life of SCR catalyst used at coal-fired power plants is approximately 24,000 hours (equivalent to three years of year-round operation). Until 2003, the only solution in the U.S. for restoring activity and NOx reduction performance was to replace spent catalyst with costly new catalyst. Since 2003, SCR-Tech has offered U.S. power plant operators a more cost-effective alternative in the form of catalyst regeneration.

Regulatory Drivers

The 1990 Clean Air Act Amendments were implemented to improve air quality in the U.S., and are enforced by the U.S. Environmental Protection Agency (“EPA”). Under the Clean Air Act, the EPA limits how much of a pollutant can be in the air anywhere in the United States, with each state responsible for developing individual state implementation plans (“SIPs”) to meet the EPA’s set limits for various pollutants. Emissions of NOx from coal-fired power plants are included in the EPA’s criteria pollutants for which limits have been established. Operators of large power plants, particularly in the Eastern half of the U.S., have been required to significantly reduce their NOx emissions.

The original regulatory driver of SCR-Tech’s business was the EPA’s NOx SIP Call program which was designed to mitigate the regional transport of NOx and required energy producers and other industries operating large power plants in the Eastern half of the U.S. to reduce their NOx emissions substantially and to maintain them at reduced

levels particularly during the five-month “ozone season” (May 1-September 30) in 19 Midwestern and Eastern states and the District of Columbia. This program has resulted in a dramatic increase in the number of SCR system installations at coal-fired power plants for the removal of NOx.

The Clean Air Interstate Rule (“CAIR”) is another regulatory driver of our SCR service business. Phase I caps on NOx emissions took effect January 1, 2009, and are designed to permanently cap and achieve substantial reductions in emissions of NOx across 28 Eastern states and the District of Columbia that we believe will further increase the size of our addressable market. By 2015, CAIR is expected to significantly reduce NOx emissions in these states from 2003 levels by plants utilizing a cap-and-trade approach. This rule builds on the NOx SIP Call with the objective of further mitigating air pollution moving across state boundaries, and is designed to cut NOx emissions from power plants significantly with the 2009 Phase I caps and by the implementation of Phase II caps in 2015. CAIR’s Phase I caps require year-round SCR system operation for many power plants (with increased NOx reduction required during ozone season) to meet the more stringent requirements. With year-round operation of SCRs needed by many power plants to comply with CAIR, coal-fired power plant operators will be required to replenish the catalyst used in SCR systems with new or regenerated catalyst on a much more frequent basis.

On July 11, 2008, the D.C. Court of Appeals vacated CAIR and the associated Federal Implementation Plan. On December 23, 2008, the court subsequently re-instated CAIR to give the EPA an opportunity to fix flaws found by the court in its previous decision. The court did not provide a time limit for the EPA to complete the changes. The changes required by the court do not affect SCR usage or required emission caps or limits.

On July 6, 2010, the EPA issued the proposed replacement for CAIR, the “Transport Rules”. The public comment period ended in October, 2010 and the EPA is in the process of finalizing the proposed regulation. According to the EPA, by 2014, the Transport Rule will have the effect of reducing NOx from power plants by 52% over 2005 levels.

Market for SCR Catalyst and Management Services

Coal-fired plants represent approximately 50% of U.S. power generating capacity, and we believe they will continue to play an important role in the U.S. electricity generation market in the years ahead. Department of Energy (DOE) projections indicate that coal-fired electric power generation will grow gradually through 2035. The recent growth in SCR system installations in coal-fired power plants driven by the NOx SIP Call and CAIR has resulted in a large and growing U.S. market for SCR catalyst and management services. Based upon the substantial number of SCR systems that commenced operation between 2000 and 2006 combined with the CAIR Phase I caps which began on January 1, 2009, we expect the market for catalyst replenishment to increase dramatically, and result in a total addressable market for catalyst cleaning and regeneration estimated in excess of \$100 million in 2011.

By offering customers more economical ways to operate and maintain their SCR units, along with a lower cost regeneration alternative to purchasing new catalyst, we believe SCR-Tech has the potential to play a significant role in the growing U.S. market for SCR catalyst and management services.

SCR-Tech's Service Offerings

Catalyst Cleaning, Rejuvenation and Regeneration

We offer proprietary and patented processes that can improve the NO_x removal efficiency and restore the useful life of installed SCR catalyst, providing a compelling economic alternative to catalyst replacement. SCR-Tech's processes are capable of not only physically cleaning and rejuvenating the most severely plugged, blinded or poisoned catalyst, but of also chemically reactivating deactivated catalyst. Depending upon the state of the installed catalyst, SCR-Tech offers several alternatives for restoring its NO_x removal efficiency and extending its life. The chemicals and raw materials used in the cleaning and regeneration processes are commonly and readily available.

SCR-Tech's regeneration process has several advantages over purchasing new catalyst by (i) offering cost savings, (ii) eliminating or reducing environmental related disposal issues, (iii) enhancing catalyst activity and (iv) reducing sulfur dioxide conversion.

SCR and Catalyst Management

We provide a broad array of customized SCR and catalyst management services, including guidance on effective SCR and catalyst management strategies, with the objective of assisting plant operators in optimizing the operation and performance of their SCR systems while reducing their operation and maintenance costs and achieving cost-effective NO_x compliance. All SCR and catalyst management services are offered as either a complete package or "a la carte," allowing the flexibility to select and combine various services on an as-needed basis tailored to the individual SCR system.

Customers

Our SCR catalyst and management services business currently primarily serves the U.S. coal-fired power generation market. Our customer base ranges from large investor-owned utilities and independent power producers to smaller municipal power generators. As part of an ongoing growth and revenue diversification strategy, SCR-Tech continues to actively target SCR operators at coal-fired power plants throughout the United States, and the Eastern U.S. in particular, to further expand its customer base and broaden its reach in the marketplace. In 2010, four customers represented approximately 54% of SCR-Tech's revenue (18%, 15%, 11%, and 10%), and one of those customers (the Tennessee Valley Authority) comprised approximately 11% (\$3.9 million) of Acorn's consolidated revenues for 2010. In 2009, two customers represented approximately 36% of SCR-Tech's revenue, with one of those customers, Allegheny Energy, comprising 16.0% of Acorn's sales for 2009. The loss of one or more of these customers could have a material effect on this segment.

Competition

We are aware of one company, Evonik Energy Services LLC ("Evonik LLC"), which entered the U.S. catalyst regeneration market that offers competing SCR regeneration and cleaning services beginning in 2008, and has a regeneration facility in North Carolina. Evonik LLC, based in Charlotte, North Carolina, is a subsidiary of a large German company, Evonik Steag GmbH. We are currently involved in litigation with Evonik LLC. See Item 3. Legal Proceedings. Another company, Enerfab Inc. provides catalyst management, and also cleans and rejuvenates catalyst but does not regenerate catalyst (which involves reactivating catalyst with chemicals to restore the catalyst to its maximum efficiency). In addition, new catalyst replacement is the primary competition for SCR-Tech's regeneration process when a replenishment of catalyst activity is necessary. The basis of competition is often price as many projects are subject to competitive bidding. Quality and service can also be competitive factors.

Production Facilities

SCR-Tech's business operations are located in Charlotte, North Carolina in two production facilities (Mount Holly and Steele Creek) with a total of approximately 270,000 square feet for the cleaning and regeneration of SCR catalyst.

In September 2009, SCR-Tech entered into an agreement to lease approximately 7.3 acres of land in Charlotte, North Carolina together with a building containing approximately 143,500 square feet of office, production and warehouse space (the Steele Creek facility). SCR-Tech entered into this lease to provide it with additional space for manufacturing, warehousing, research and development and administration. SCR-Tech leased 98,460 square feet through July 31, 2010 and added the remaining 45,040 square feet to the lease on August 1, 2010.

The Mount Holly facility is also located in Charlotte, North Carolina and contains approximately 126,000 square feet of leased office, production, laboratory and warehouse space. Since the opening of the Steele Creek facility, the Company continues to use the Mount Holly facility for production, laboratory and warehouse space. The Mount Holly facility's lease expires on June 30, 2012 and the company has two five years options to renew. CoaLogix is currently in the process of determining whether or not to exercise its option to extend the Mt. Holly lease. If CoaLogix does not exercise its option to extend the Mt. Holly lease, it is possible to increase production capacity at the Steele Creek facility to cover CoaLogix' near term production needs.

We believe that both production facilities (or an expanded Steele Creek facility if the Mt. Holly lease extension is not exercised) provide sufficient capacity for cleaning and regenerating SCR catalysts for the near future.

Intellectual Property

We use a combination of patents, trade secrets, contracts, copyrights and trademarks to protect the proprietary aspects of our core technologies, technological advances and innovations, including our cleaning and regeneration processes and other know-how, and we work to actively maintain protection of our proprietary technologies and processes over time through follow-on patent filings associated with technology and process improvements that we continually develop. A significant portion of our know-how is protected as trade secrets and supported through contractual agreements with our employees, suppliers, partners and customers.

We either own (exclusively or jointly) or hold exclusive license rights from third parties for seven U.S. patents, three Canadian patents, one German patent and eight pending U.S. applications, three pending Chinese patents applications, one pending German application and one pending Canadian application. We anticipate that when our early patents expire, we will rely on subsequently filed and additional patents along with trade secrets and other know-how to protect the foundation technology and cleaning and regeneration processes. We plan to continue to file new patent applications as we gain knowledge and experience with our various processes and service offerings.

ENERGY & SECURITY SONAR SOLUTIONS – DSIT SOLUTIONS LTD.

DSIT Solutions Ltd., which is 84% owned by Acorn, is a globally-oriented company based in Israel with expertise in sonar and acoustics and development capabilities in the areas of real-time and embedded systems. Based on these capabilities, we offer a full range of sonar and acoustic-related solutions to strategic energy installations as well as defense and homeland security markets. In addition, based on expertise in fields such as signal acquisition and processing applications, communication technologies, computerized vision for the semiconductor industry and command, control and communication management ("C3") we provide wide ranging solutions to both governmental and commercial customers.

Products and Services

DSIT's Energy & Security Sonar Solutions activities are focused on two areas – sonar and acoustic solutions for naval and security markets and other real-time and embedded hardware and software development and production.

Energy & Security Sonar Solutions. Our energy & security sonar solutions include a full range of sonar and acoustic-related solutions to the strategic energy installation, defense and homeland security markets. These solutions include:

- AquaShield™ Diver Detection Sonar (“DDS”) – DSIT has developed an innovative, cost-effective DDS system, the AquaShield™, that provides critical coastal and offshore protection of sites through long-range detection, tracking, classification and warning of unauthorized divers and Swimmer Delivery Vehicles (“SDVs”) for rapid deployment and effective response. Our AquaShield™ DDS system is fully automatic and customizable, and requires intervention of a security person only for final decision and response to the threat. The DDS sensors can be integrated with other sensors into a comprehensive command and control (“C&C”) system to provide a complete tactical picture both above and below the water for more intelligent evaluation of and effective response to threats.
- PointShield™ Portable Diver Detection Sonar (PDDS) – DSIT has added another solution to its underwater family of "Shield" products – the PointShield™. The PointShield™ PDDS is a medium range portable diver detection sonar aimed at protecting vessels at anchorage and cover restricted areas such as water canals and intakes. The PointShield™ is a cost-effective system tailored to meet the needs of customers, whose main concern is portability and flexibility.
- PortView™ Harbor Surveillance System (“HSS”) – DSIT in cooperation with a partner company –HarTech Technologies, Ltd. has developed an integrated HSS that incorporates DDS sensors with above-water surveillance sensors to create a comprehensive above and below water security system to coastal and offshore sites such as energy terminals, offshore rigs, nuclear power plants and ports. The system reliably detects, tracks, and warns of intruders such as divers, swimmers, SDVs, semi-submersibles, small surface vessels and other potential intruders.
- Mobile Acoustic Range (“MAR”) – The MAR accurately measures a submarine’s or surface vessel’s radiated noise; thus enabling navies and shipyards to monitor and control the radiated noise and to silence their submarines and ships. By continuously tracking the measured vessel and transmitting the data to a measurement ship, the MAR system enables real time radiated noise processing, analysis and display. The system also includes a platform database for measurement results management and provides playback and post analysis capability.
- Generic Sonar Simulator (“GSS”) – DSIT has developed a GSS for the rapid and comprehensive training of Anti-Submarine Warfare (“ASW”), submarine, and mine detection sonar operators. This advanced, low cost, PC-based training simulator is designed for all levels of sonar operators from beginners to the most experienced, including ship ASW teams. The simulator includes all aspects of sonar operation, with emphasis on training in weak target detection in the presence of noise and reverberation, torpedo detection, audio listening and classification.
- Underwater Acoustic Signal Analysis system ("UASA") – DSIT's UASA system processes and analyzes all types of acoustic signals radiated by various sources and received by naval sonar systems (submarine, surface and air platforms, fixed bottom moored sonar systems, etc.).

Other Real-Time and Embedded Solutions

Additional areas of development and production in real-time and embedded hardware and software include:

- Applications - DSIT specializes in Weapon/C&C Operating Consoles for unique air and naval applications, designed through synergistic interaction with the end-user. Weapon/C&C Consoles utilize Human-Machine Interface ("HMI") prototyping supported on a variety of platforms as an integral part of the HMI definition and refinement process. Weapon/C&C Console specific applications driven by HMI include signal processing and data fusion and tracking.
- Computerized Vision for the Semiconductor Industry - DSIT has been cooperating with global leaders of state-of-the-art semiconductor wafer inspection systems in developing cutting edge technologies to enable the semiconductor industry to detect defects in the manufacture of silicon wafers. DSIT develops and manufactures hardware and embedded software for computerized vision systems, and we supply this multi-disciplinary field in the integration of digital and analog technologies, image processing and intricate logic development.
- Modems, data links and telemetry systems – DSIT is working with major defense industries in Israel such as Rafael Advanced Defense Systems Ltd. and Israel Aerospace Industries Ltd., developing modems, advanced wideband datalinks and telemetry systems for airborne and missile systems. DSIT is providing development and production services of hardware and embedded signal processing software with high quality control standards.
- Sonar Building Blocks – based on our sonar capabilities and development of the DDS, DSIT has developed a number of generic building blocks of sonar systems such as Signal Processing Systems and Sonar Power Amplifiers (SPA). Some customers designing and building their own sonar systems have purchased these building blocks from us. These elements are specifically tailored and optimized for Sonar systems and have advantages over generic standard building blocks.

DSIT's other operations include IT and consulting activities whose results are not included in the Energy & Security Sonar Solutions segment.

Customers and Markets

All of this segment's operations (excluding sales and product delivery, set-up and service) take place in Israel. In 2010, approximately 55% of this segment's revenues were derived from outside of Israel. In 2009, approximately 43% of the segment's revenues were derived from outside of Israel. While in 2008, only 15% of this segment's revenues were derived from outside of Israel. We expect this trend of increasing shares of this segment's revenues to be generated from outside of Israel to continue in 2011. DSIT continues to invest considerable effort to penetrate European, Asian, U.S. and other markets in order to broaden its geographic sales base with respect to its sonar technology solutions. We have significant customer relationships with some of Israel's largest companies in its defense and electronics industries as well as relationships with some of the biggest Asian defense integrators. We are currently exploring several cooperation opportunities within Europe and the US.

The global war on terror has shifted the focus of governments and Homeland Security agencies to invest in situational awareness equipment to better protect their national infrastructure. For example, in March 2009, the U.S. Nuclear Regulatory Commission ("NRC") amended the security requirements for nuclear power reactors to require detection and assessment systems at all licensed U.S. nuclear power plants. In addition, commercial enterprises are also increasingly aware of the need to protect critical coastal and waterfront infrastructures. These critical infrastructures include ports, oil terminals, off-shore oil and gas rigs, liquid natural gas ("LNG") plants and terminals, nuclear power plants, coal terminals, dams and canals. We believe there will be a growing demand by governmental agencies and

commercial owners of these facilities for products and services such as our energy and security sonar solutions described above.

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We believe that in 2011, we will see an increased flow of orders for our AquaShield DDS generated by customers realizing the potential threat to their coastal and offshore critical facilities. DSIT is currently in discussions with numerous potential energy, commercial and governmental customers who have shown interest in the company's underwater security systems.

Three customers accounted for approximately 68% of segment sales in 2010 (39%, 17% and 12%), one of which accounted for 11% (\$4.0 million) of Acorn's consolidated revenues for 2010. In 2009, three customers accounted for 83% (38%, 32% and 13%, respectively) of segment sales. The loss of any one or more of these customers could have a material adverse effect on this segment.

Competition

Our Energy & Security Sonar Solutions segment faces competition from several competitors, large and small, operating in worldwide markets, (such as Sonardyne International Ltd. (based in the United Kingdom), Atlas Elektronik (based in Germany) and the Kongsberg group of companies (based in Norway)) with substantially greater financial and marketing resources, particularly with respect to our energy and security sonar solutions. We believe that our wide range of experience and long-term relationships with large businesses as well as the strategic partnerships that we are developing will enable us to compete successfully and obtain future business. In 2010, DSIT participated in a head-to-head in-the-water competition with its aforementioned primary competitors. DSIT's AquaShield DDS achieved a much better performance, than its competitors, particularly in the areas of detection range and automatic classification.

Intellectual Property

DSIT rigorously attempts to protect its proprietary know-how, proprietary technologies, processes and other intellectual property.

DSIT's systems are heavily based on software implementing advanced acoustic signal processing algorithms. The foundation of the systems and DSIT's competitive edge lies in these algorithms. Our strategy is to identify these key intellectual property elements developed by us in order to protect them in a timely and effective manner, and to continually use such intellectual property to our competitive advantage in the marketplace.

We keep the detailed description of these core algorithms as proprietary information and accordingly they are not disclosed to the public or to customers. We use contractual measures such as non-disclosure agreements and special contract terms to protect this intellectual and proprietary information. It is uncommon for companies such as ours to rely on patents, as the patent itself may disclose critical information.

A significant portion of our know-how is protected as commercial secrets and supported through contractual agreements with our employees, suppliers, partners and customers.

Facilities