

# THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

## Axis Technologies Group, Inc. (AXTG)

**JIM ERICKSON**, President and COO of Axis Technologies Group, Inc., has 15 years of electrical automotive experience. He has developed an independent mortgage-lending contracting business and helped develop Contractors Link, Inc., loan locating model. Mr. Erickson's career focus in the past seven years has been on the lighting industry as a General Manager of an electronic ballast company and as President of Axis Technology. Mr. Erickson is one of the developers and a patent holder of the Axis Daylight Harvesting ballast.

**TWST: Please begin with a brief historical sketch of the company and a picture of the things you are doing presently.**

**Mr. Erickson:** We started our company, Axis Technologies, about six years ago, developing an energy efficient fluorescent lighting ballast. Axis holds a patent on the unique control system that enables each ballast to react to natural sunlight and dim the fixture accordingly. This Daylight Harvesting and Dimming Fluorescent Ballast is one of the world's most energy efficient lighting sources as it utilizes natural light to lower the energy usage of the fixture. As ambient light comes into a workspace, the light automatically dims. In addition, it has a dipswitch with a seven-position setting to preset light levels in increments of 10% reductions of output from 100% of output down to 40% of output. This dipswitch adjusts the fixed output of the fixture so you don't overlight a space, then a photocell attached to each ballast reacts to natural light to dim the fixture to as low as 20% output, making it one of the most energy efficient sources of light in the world.

**TWST: I believe you've already had it installed in several locations.**

**Mr. Erickson:** Yes, we have installed in numerous locations across the country, including airports, public libraries, corpo-

rate office buildings, federal buildings, open-air parking garages, schools, hospitals, retail spaces and others.

**TWST: You have Creighton University too, I believe.**

**Mr. Erickson:** Yes, we have installed in the cafeteria at Creighton University. Also, in Omaha, we have installed in the following LEED (Leadership in Energy and Environmental Design) qualified buildings: the National Park Service Regional Office, the Zorinsky Federal Building and the Homeland Security Building.

**TWST: What is involved in installing?**

**Mr. Erickson:** The Axis ballast system is installed in any existing fixture by removing the old ballast and installing the Axis ballast. In addition, they can be installed in new fixtures by the manufacturer. There is no outside control system that is required by other dimming ballast systems and no adjustments after installation are required. Thus the Axis ballast system costs from one-half to one-third that of competing dimming systems.

**TWST: Would you recount one success story and the feedback that you've gotten?**

**Mr. Erickson:** The Axis ballasts were installed at a public utility office and they subsequently published a report that showed a 69% energy reduction over the previous lighting system. Also, there

was a report written by Texas A&M Energy Systems Lab on an installation at Dallas/Ft. Worth airport. It was a year-long case study. Their savings was approximately 40% during the daylight hours with a 26% overall reduction in peak demand. The feedback from the airport management was very positive and is leading to more installations at that facility.

**TWST: In some cases, might there be a reduction of eyestrain?**

**Mr. Erickson:** That is correct. Obviously, the Axis ballast cannot control the natural light, but we lower the artificial light and energy accordingly. This action is automatic and instantaneous.

**TWST: Is there any other company working along similar or parallel lines?**

**Mr. Erickson:** No, not at this time. The Axis ballast system is the only fully integrated system on the market — meaning no external control system required. Also, Axis is currently working with a major lighting lab in California to develop an additional product that we are looking to introduce during the second quarter of 2008. The market for that product is targeted toward utilities and fulfills a need that those companies have expressed for years.

**TWST: Would you give us any hints about the new product?**

**Mr. Erickson:** It will be a peak demand reduction ballast with wireless controls that can be addressed by either the utility company or by the building owner. During those times of day that energy usage is the highest and power companies might need to bring higher-cost generating capacity on-line or buy power from the grid at higher rates, they can lower the light output by addressing these ballasts. The energy usage by all buildings in the US exceeds \$40 billion per year and continues to grow. Utility companies nationwide are being mandated to lower energy usage from their customers, and this new product, along with the existing Axis ballast, can do just that.

**TWST: Can your ballast technology work in smaller environments?**

**Mr. Erickson:** Yes, the Axis ballast can be installed in one fixture and enable it to become a dimming/daylight harvesting system, as well as installing in all fixtures of a building. The unique control system dims each individual fixture according to the outside light, thus ensuring an even light output throughout the room.

**TWST: What is your agenda for the next few years or so?**

**Mr. Erickson:** With all the international emphasis on becoming “green,” global warming, energy shortages, CO2 emissions, etc., it is very obvious that the Axis ballast is a very “timely” technology. With support from the major utility companies across the

country in the form of incentives and rebates, Axis is positioned to make a dramatic impact on the country’s energy usage. The main challenge in the immediate future is educating the public on the energy-saving potential of “daylight harvesting.”

**TWST: What is your feeling about joint ventures, partnerships, acquisitions, etc.?**

**Mr. Erickson:** Axis Technologies welcomes all opportunities to work with other companies that manufacture fixtures, occupancy sensors, utility companies, government agencies, facility managers, etc.

**TWST: What challenges could arise for the company over the next few years?**

**Mr. Erickson:** The biggest challenge is educating the public on the benefits of “going green” and doing something about it. There have been many large corporations that announce that they want to become “green” because it is the politically correct thing to do — but when it comes time to “walk the walk” after they have “talked the talk,” many times they don’t want to spend the time and money to do so. But we are confident that the momentum has shifted to adoption of new technologies and we will see exponential increases in installations as we move into 2008.

**TWST: How arcane is your technology? How is that it took so long for something like this to come along?**

**Mr. Erickson:** Dimming and daylight harvesting fluorescent ballasts have been in existence for some time. The other systems are very expensive, difficult to install and complicated to operate. The Axis ballast was developed to eliminate these complications and, therefore, brings dimming and daylight harvesting to mainstream lighting. And the motivation to make changes that conserve energy was not there in the past.

**TWST: What is the picture that you would hope to see for the company in about three years?**

**Mr. Erickson:** Although it is always difficult to forecast three years out, I would preface my following comments that we have expectations that we feel are attainable. I would hope to see annual sales in excess of \$500 million. This will require increased emphasis on energy saving at all levels. The country must make commitments to become “green” and not just talk about “going green,” and actually save energy instead of talking about energy savings. Also, Axis is receiving frequent inquiries from numerous foreign countries. Their emphasis on energy savings is far greater than that of the US, so an expansion into the overseas market could eventually make Axis a billion dollar company.

**TWST: What do you think are the prospects of a movement toward green that really takes hold?**

**Mr. Erickson:** It's starting to now. We are seeing dramatic increases in sales and growth of our company. Hopefully, it will not take more widespread brownouts and blackouts before people take note of what is going on in this country and what is necessary to make an impact on our energy consumption.

**TWST: Al Gore's Nobel Prize and a couple of other things seem to have been a jump start for a lot of people.**

**Mr. Erickson:** Axis is for any publicity that raises awareness to this country's increasing energy usage and the need for con-

**TWST: Would you tell us about your background and expertise and the same for one or two of your colleagues?**

**Mr. Erickson:** I came out of the automotive industry where I dealt mostly with trouble-shooting computer systems on automotive systems. Our CEO has been a business leader for approximately 45 years and has managerial experience in a number of medium to large corporations. We both have a passion for our technology and realize the unique opportunity that exists for Axis Technologies right now.

*“Axis is positioned in a huge 'green' movement to conserve and save energy for our country. The Axis ballast offers an elegant, simple and cost-effective approach to energy conservation. The initial investment to install the Axis ballasts can be recovered in energy savings in a short period of time, especially as more utilities offer rebates to their customers that install the Axis Daylight Harvesting ballasts.”*

servation. Awareness of the need translates into potential client incoming calls and sales leads for our distribution network of more than 600 manufacturers representatives across the country. And as the tempo of the sales activity increases from corporations and the federal, state and local governments, we see more proactive marketing by these distributors

**TWST: What might be some year-by-year milestones that investors could look for?**

**Mr. Erickson:** The investor should look for new energy-efficient products from Axis in the market and the increasing emphasis on the need for energy reduction. Axis will be introducing our peak demand reduction ballast to the marketplace in 2008, and have plans for ballasts that operate T5 lamps, which are 54-watt lamps used primarily in high bay applications such as warehouse lighting.

**TWST: How many employees do you have at the present time?**

**Mr. Erickson:** Full-time Axis employees number less than 12, as the electrical business is driven by commissioned rep agencies or electrical distributors. These agencies have over 600 people promoting and selling our products. Our manufacturing is outsourced to manufacturers in China. Because of our structure, Axis' expenses and overhead are very low. The lower the sales, general and administrative costs or SG&A costs, the greater the bottom line.

**TWST: Do you see any need to improve the company's capital structure?**

**Mr. Erickson:** We have no need to improve our company's capital structure. We currently have less than 61 million shares outstanding and a public float of about 15 million shares.

**TWST: What about your relations with the investment community?**

**Mr. Erickson:** We try to be proactive in releasing announcements on corporate developments and informing the general public about progress at Axis Technologies. We are launching a Website called [daylightharvesting.org](http://daylightharvesting.org), which will be a white paper site to be strictly informational.

**TWST: How long have you been with the company?**

**Mr. Erickson:** I am one of the original founders — so I have been with Axis for six years.

**TWST: What would be the two or three best reasons for the long-term investor to look very closely at Axis?**

**Mr. Erickson:** Axis is positioned in a huge “green” movement to conserve and save energy for our country. The Axis ballast offers an elegant, simple and cost-effective approach to energy conservation. The initial investment to install the Axis ballasts can be recovered in energy savings in a short period of time, especially as more utilities offer rebates to their customers that install the Axis

Daylight Harvesting ballasts. We feel that Axis Technology is a ground floor opportunity for investors that can visualize the future of lighting and the initiatives being launched for corporations and governments to conserve energy. To make an impact on lighting costs, there is no other way that I know of other than utilizing the Axis ballasts. The workspace — both government and corporate — uses fluorescent lighting. So you cannot expect to have a significant effect on power consumption from lighting without addressing the energy use of fluorescent lighting. We feel we can begin to see healthy quarter-to-quarter growth in revenue. We have the infrastructure in place, the distribution network in both manufacturer representatives and OEM manufacturers and an increasing awareness by the public-at-large and policymakers that there are solutions to the challenge of energy conservation. And our technology is one of those solutions.

**TWST: What do you focus most of your own attention on, on a day-by-day basis?**

**Mr. Erickson:** We focus most of our attention on energy efficient projects, and educating the public on our simple approach to energy saving.

**TWST: Is there anything you would like to add, especially regarding strategies, long-term objectives, and reasons for an investor to look at the company?**

**Mr. Erickson:** That Axis is an up and coming company. We have ideas and plans for expansion and it's a company that has huge potential in a market that will expand exponentially over the coming years. There are many areas in the country that offer incentives/rebates for the installation of dimming/daylight harvest-

ing, and some states that are mandating that lighting installations incorporate controls and daylight harvesting in their design. Also, we are about to apply for listing on the OTCBB in order to enhance our visibility with investors. We invite investors to do some due diligence on us and keep an eye out for more news as we head into the end of this year. Investors can start their research at our corporate Website, which is [www.axistechnologyinc.com](http://www.axistechnologyinc.com), where we have listed the utilities that include Axis ballasts in their rebate programs. We also have posted recent TV news segments on our technology and a recent article on green technology in *Business-Week* mentioning our technology.

**TWST: Thank you.**

**JIM ERICKSON**

President & COO

Axis Technologies Group, Inc.

2055 S. Folsom Street

Lincoln, NE 68522

(402) 476-6006

(866) 458-9880 – TOLL FREE

(866) 458-9881 – FAX

[www.axistechnologyinc.com](http://www.axistechnologyinc.com)

e-mail: [ir@axistechnologyinc.com](mailto:ir@axistechnologyinc.com)