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Axion Is Focused On The Infrastructure Market Utilizing Their Unique Recycled Plastics Technology To Create Building Materials



**Alternative Infrastructure
Building Products
(AXIH-OTC: BB)**

Axion International Inc.

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**Jim Kerstein
Chief Executive Officer**

BIO:

James J. Kerstein, one of the Company's founders, is Director and Chief Executive Officer. Mr. Kerstein has extensive polymer experience in design, manufacturing and sales management. He was the sole founder of Axion's predecessor company, Polywood Inc. He has spent the last twenty years managing three different plastic / design / manufacturing companies while serving as the president and chief operating officer. He received a bachelor's degree from George Washington University and a Master's degree in Human Resources Management Development from Chapman University.

Company Profile:

Axion International is positioned as an important structural product provider of alternative infrastructure and building products. Axion operates from a "green" base, developing structural products made from recycled consumer and industrial plastics that would otherwise be discarded into landfills. Axion International's pat-

ented technologies, developed in collaboration with scientists at Rutgers University, allow for products that are extremely strong, durable, flexible in use, and low maintenance. Traditional construction suppliers of wood, steel, and concrete cannot compete with the flexible design features of structural plastic. Manufactured from consumer and industrial waste plastics, Axion's upcycled products are an economic alternative to traditional building materials.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Kerstein, what is the vision for the company?

Mr. Kerstein: "What Axion is striving to do is enter the infrastructure market while utilizing recycled plastics that have otherwise simply been thrown out or disposed of and using some unique technology to do so. Basically we generally sum up what we do by saying infrastructure, technology and green are the three taglines that we work along as we look to build Axion."

CEOCFO: How do you take plastics and recycle it into materials for building?

Mr. Kerstein: "Some of it is already done. The US has been pretty aggressive in trying to move up its collection of post consumer industrial scrap. Most towns have some type of collection system where you put out the detergent bottles, juice containers, milk containers, etc. for curbside pick-up. There is also a tremendous amount of post industrial waste that is generated that is just part of the standard manufacturing practices, whether it is trimming scrap from manufacturing car bumpers or the scrap that bottle manufacturers generate as part of their

general operations. We resource those type of materials. We have a combined fifty or sixty years of experience in the plastics business and our management team has drawn that experience for the sourcing of our materials. We mix certain specific materials, which are based on patents that we sub-license from Rutgers University. Basically, by taking very strong tough materials, which otherwise might not be stiff enough like a juice container, and mixing it with other materials that are extremely stiff, whether it is car bumper scrap or even things like foam coffee cups. Then densifying that material and then using it, you mix a very stiff material that otherwise might crack with general use. By putting them together, and having them co-exist as part of our technology, together the materials perform better than either performs separately. In working with the end markets of the end users whether it is the railroads or bridge contractors or the Army Core of Engineers, we try to lay out performance standards that they are looking for in their products and then we use our core technology to engineer solutions. We are a solutions provider in the infrastructure industry and we just happen to be green while we are doing it."

CEOCFO: Do you compete with wood, steel and concrete?

Mr. Kerstein: "Correct. We compete with wood, steel and concrete. For instance one of the exciting projects that we have coming up is a bridge that we are building for the US Army, which is being designed to handle the weight of tanks crossing the bridge. It has never been done with what we call composite materials before; it has always in prior years been done with steel. Our product comes at a substantially lower price, it never

needs to be painted, it doesn't rust, it lasts longer, requires less maintenance, it is lifetime. We have proven the Army's satisfaction in our work and our experiments with them that it is going to be able to handle the type of load, which is the equivalent of more than three fully loaded tractor-trailers. Except it is condensed over a very short span, the size of a tank is about ten feet as opposed to 53 feet of a tractor trailer."

CEOCFO: It sounds almost too good to be true!

Mr. Kerstein: "We do get that a lot, and it is a very revolutionary technology. I don't sit here and say that it is the answer in every application or that steel and concrete are no good; far from it! There are always going to be people who only want to build with wood because they like the look. Certainly, for things like bridges where we can actually come in at a lighter weight than steel, the steel industry often talks about that they recycle but they mean they recycle to the best of my knowledge, their own scrap. They are not actually going out, taking things that were already in the field, and recycling them. There are areas, for instance one of our biggest markets is railroad ties, but in something like that where we go head-to-head, where we are forced to run at exactly the same size product, in other words a seven-by-nine railroad tie, and a seven-by-nine plastic tie, are shaped the same, look the same, we come out a bit more expensive. In an area like bridges or marinas where allowed to engineer to the best properties of plastic and they don't tell us to do one-for-one replacement, it is almost too good to be true quite frankly."

CEOCFO: How do you get the attention from the industry and the public as well?

Mr. Kerstein: "It is going to take a little time. The scientists from Rutgers have been doing the research. We had another company that we were working with to try to build this up. We have all been in it for a while, so it is going to be one of those things where we are an overnight success after about ten or fifteen years from working very hard at it. A lot of it is just getting it out in the market, proving

the technology, getting people to accept that there are different building products. The analogy that I always use is back in the 1950's when the Corvette and Stingray were introduced and they were using fiberglass body panels. One of the knocks that you heard all over was why would anybody build a car out of anything but steel? Over the years if you look around now fifty years later there is very little steel used in cars and there is a tremendous amount of fiberglass and plastics, and composites that are used in cars in everything from the interiors to the body panel. We are really sort of riding the wave of a similar revolution in building materials."

CEOCFO: Tell us about your relationship with the end user.

Mr. Kerstein: "What we will do is sit down with the end user to get what their performance parameters are. We then

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work with other civil engineering groups to get the product properly engineered to take advantage of the best properties of our material and one of those is because it is fabricated you can manufacture it in any shape that you want. One advantage for instance in bridges is that we have developed an interlocking I-beam system that is very quick assembly, so it takes time out of labor. It makes the product much lighter to handle than if we just used big blocky wood-type structures. We work on the engineering of it and then we do the mold design and the manufacturing. Basically, one of the ways that you get that out there is that we are starting to talk to, and work with different contractors, engineering and architectural firms to get our information and technical data and the ways of working with our product out there. As that happens, the roots will continue to spread and/or our markets will broaden.

Another thing on the market that is very exciting to us is that while we got into this with certain identified target markets such as railroads, bridges, marinas, that type of thing. We have also come to the realization that many other products that are out there; waste containers, oil containers, oil filter totes, which are for recycling or waste collection applications are currently being made out of virgin resins or resins that have a very small content. It doesn't make a lot of sense to us to use virgin resin to collect waste or recycling, as the cost of virgin materials whether it is steel, wood or plastic, continues to skyrocket. However, our recycled formulations become even more unique and cost efficient. We are actually seeing markets like waste containers open up for us so that we can move into them. As a CEO what is more exciting than to see the technology already developed sort of present itself as a solution in different markets."

CEOCFO: What about the manufacturing model?

Mr. Kerstein: "We currently work on an outsource manufacturing model, however when I say that it doesn't mean that we are shipping production over seas. There is a tremendous excess capacity here in the United States. We have all

been in the plastics industry for an extended period of time. The plastics industry tends to be a relatively small industry; you get to meet a lot of people and know a lot of people. We have targeted certain types of manufacturers, people with big extrusion equipment who have experience with production or in recycled materials and we utilize their equipment and their space. We are responsible for the building of the molds, the introduction of the plastics, the quality control, all of those things, but we are not putting a lot of money into plants and equipment. The other advantage that that gives us is that it allows us to utilize different types of equipment for instance I-beams and railroad ties we tend to use an extrusion molding process.

There are other products that we are looking at that we could injection mold and others that we can rotationally mold, so

that would be a hard thing to coordinate all in one factory on your own. The other factor that is probably the greatest importance to us is that it gives us enormous flexibility. It allows us to scale up very easily because there is equipment out there that we can use and we control the molds and the quality control. The third point would be that we can then locate those molds and our production in the most beneficial place for our customers. For instance if a major account in Omaha Nebraska came to us and said I want a million railroad ties, rather than dragging plastic back here to New Jersey and manufacturing it and then shipping it back across the country, we would probably set up production in or around Omaha Nebraska and severely reduce the cost of freight and the use of gas for shipment.”

CEOCFO: What is the financial picture today and what about your new ticker symbol?

Mr. Kerstein: “Basically we formed the company in December of 2007. We started talking with people, working with bankers to raise money. Axion merged into an active company, not a shell. It was a company whose business had dwindled and was looking for a new way of going forward and protecting its shareholders. We rolled into that company, took 90% of the shares and the controlling interest. It gave us a shareholder base of over 4000 people which we were thrilled about. Last week we finally got everything processed and that happened in March that we went public. By last week we had accurately changed the name to more reflect what we were doing to Axion International Holdings is now the corporate name and AXIH is the symbol. We are on the bulletin board and

our stock is selling for about \$1.30 right now. We have a market cap of over \$14 million. It is an exciting base and a good starting point for us to go forward from.”

CEOCFO: Are you able to work with green organizations?

Mr. Kerstein: “Some are and some aren’t. There are articles in the paper saying that there was a serious problem developing in the Pacific that for whatever reason the currents of the oceans have resulted in there being two vortexes where plastic that has been dumped in the ocean over all these years, have collected. It is a serious problem for fish, wildlife, anything that has to do with the sea. That is the kind of thing that we are fighting. In a way it is how we got started but some environmental groups still look at us as bad guys because it is plastic, and others sort of realize what we are doing. For example, Forest Relief actually gave us a recycling award for our work in collecting in developing markets for recycled products. They recognize that by using materials that are already out there that have already been used and are now being recycled drastically reduces the number of trees, specifically old growth forest and hardwoods that need to be cut down. That has a tremendous impact on processing of carbons and greenhouse gas. If any environmental group took the time to see what we are really doing, as well as the fact that by processing our materials utilizes substantially less energy than cutting down trees and forging steel; they would see what we are doing is a really positive thing. In the long-term as the US continues to move forward and join up with the rest of the world as far as greenhouse gas credits and carbon credits, we

are going to be an important player in that as well.”

CEOCFO: What is ahead for Axion?

Mr. Kerstein: “We are hoping for continued growth and greater acceptance in the markets we are in as well as continuing to identify some other markets that we think we can be significant players in and significant is both financial and environmental. One of the fun things that we are doing is that for us that really does tie together.”

CEOCFO: In closing, why should potential investors pick Axion out of the crowd?

Mr. Kerstein: “A lot of it is that we have very broad-based technology. We are not a one-trick pony who can only mix this material and that material together. We have multi material formulations and patents, we have over ten patents, we have a think-tank relationship with Rutgers University, and so we have options on continued future developments and we are a continually evolving company. Our business model quite frankly is fantastic and very exciting. We are dealing with proven technology, we have worked with the Army Corps of Engineers to sign off on an all plastic tank bridge, those tanks cost them tens of hundreds, of millions of dollars, is a pretty significant endorsement. We have a hundred and fifty thousand to two hundred thousand railroad ties in place that our management team has worked on and some new projects and I think we will just keep gaining acceptance and keep going forward. I cannot think of a reason why we wouldn’t. The product is long-lasting, environmentally friendly, and most importantly it works.”





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