

With their New 21,000 Square Foot Eco Hub Factory in Baltimore, Maryland Set to Open on April 1st of 2011 to Manufacture Green, Efficient LED Lighting, SavWatt USA Incorporated is Focused on Creating Jobs and Growth by Duplicating that Effort in Other States

**Green
LED Lighting
(SAVW-OTC: BB)**

SavWatt USA, Incorporated

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**Michael F. Haug
Chief Executive Officer**

BIO:

As an experienced insurance and financial representative since 1993, Michael has worked for well-known companies such as Liberty Mutual, John Hancock, and AIG. He also formed his own insurance agencies called Financial Solutions in 1999 and Z-Group International in 2007. In 2007, Michael became heavily involved in commercial lighting, working as consultant to Global Green Works and later AEI lighting.

A graduate of The University of Baltimore in 1990 in Business Administration, Michael has always had a passion for businesses to improve their Leadership in Energy &

Leadership in Energy & Environmental Design (LEED). His motivation and mission in life has been green projects and energy efficient lighting.

Michael is proud to bring lighting education to the forefront. He has helped municipalities, private enterprises, and schools save money and energy by increasing their awareness of energy efficient lighting. Michael also has been affiliated with many LEED programs to stay on top of the ever-changing energy environment. This diversification has helped propel Michael to the top of the financial and energy lighting work place.

Company Profile:

Fast becoming the market leader in LED lighting, SavWatt USA, Incorporated focuses on developing innovative, energy-efficient and cost-effective LED lighting solutions. By delivering value added, application-specific LED lighting systems, we can significantly reduce energy costs and minimize our carbon footprint worldwide. SavWatt is leading the LED lighting revolution and setting the stage to obsolete the incandescent light bulb. SavWatt's product families include LED fixtures, bulbs, street-lights, and parking lights.

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

CEOCFO: Mr. Haug, will you give us a bit of history on SavWatt USA?

Mr. Haug: The name SavWatt USA Incorporated came in effect in June of 2010. Before that, we were SavWatt

Industries in 2006. In 2010, I became CEO of the company and from that point forward, we moved progressively forward in the last six to eight months. The whole mission of our company is to provide energy solutions, and to be able to put money in people's pockets. We look at the 'three-Ps'. We look at the profit, people and the planet, and suffice to say that we have accomplished that so far at SavWatt USA; we are very proud of that. We are getting ready to open up a 21,000 square foot factory in Baltimore Maryland, which will happen in April 1st of 2011. That factory will be assembling LED two foot and four foot tubes and LED street lights. LED stands for light emitting diodes, for those that are new to this business of lighting. LED is the new wave as far as green efficient lighting. Basically, it saves between 50% and 85% on energy consumption, replacing a typical metal halide or high-pressure sodium light. The light lasts longer for durability, lasting for about fifteen to twenty years. It is also dark sky friendly, and most importantly it is green. Our whole concept at SavWatt USA is not just to produce and assemble green efficient lights, but it is also to create jobs, we will create about thirty jobs by next month in our assembly plant in Baltimore Maryland and we hope to have about 150 to 200 by years end. We will call this the Eco Hub factory and we hope to duplicate the Eco Hub throughout the U.S. and bring in the middle class back to the United States where it should be.

CEOCFO: Is this a 1time replacement?

Mr. Haug: Good question. Most of these lights are just a one for one replacement. Our Par lights just screw in to existing fixtures. The streetlights can replace the old fixtures while keeping the existing poles. In addition, there is not much custom fitting that needs to be done for most of these applications for the retrofits, so that is very easy to replace and maintain.

CEOCFO: Are there government mandates in place requiring the use now; where are we with the support of the green movement in getting these in use?

Mr. Haug: I spent the last ninety days on Capital Hill and getting the political landscape. GE made the last production of an incandescent bulb, a few months ago; by 2014 incandescent bulb will be phased out. Obviously, energy efficient lighting has taken a foothold. Currently, in China and Europe there are already LEDs; they are about three to five years ahead of the United States. Yes, the legislators and the government realize it is time to be more energy efficient with LED lighting. Not only is it an efficient source of lighting, but it is also green. Therefore, this movement is taking place now. The LED white light was developed in 1997, so it is relatively new. However, the process now as far as the government and municipalities are concerned, such as the Department of Transportation, and the Department of Energy are really pushing these LED energy efficient green lights.

CEOCFO: There are a number of companies in your space, what is unique about SavWatt?

Mr. Haug: SavWatt is unique not only because we are selling a green energy light, as there are many companies doing that, but we are looking at this from a macro point of view. We are making the products in America, while creating hundreds of jobs. Our whole hope is if we get projects, such as street lighting projects or inside lighting applications, is to assemble

our products in the United States. Therefore, what makes us distinctive is we will have a buy-American product, which means 51% must be manufactured in the US, as the parts must be assembled here, which it is. We have a street light that is made from Cree Components, which is a LED company based in North Carolina that manufactures LED components. So, what makes SavWatt unique is, we are a Buy-American company, which is putting our LED tubes and streetlights in American hands to assure quality control of our products. Most importantly, we are creating jobs here. The more projects that we get, the more jobs we can create.

A lot of people don't realize just in the city of Baltimore alone in the last ten years seventy thousand manufacturing jobs have been lost and we are looking to replace that and get the

We are looking to do about \$100 million here our first year. We are hoping to sell about 25,000 of those Eco-poles that I mentioned, and they are about \$5 thousand a piece. Our street lighting projects we hope to do a multi million-dollar project in each city that we have a factory or for LED lights here. Therefore, it looks very promising for the future here. As long as we can create jobs and have projects to do, we will create more jobs. That is how we are doing business. - Michael F. Haug

jobs replenished. So buy American, creating jobs, is our biggest concern, and what makes SavWatt unique.

CEOCFO: What makes you think people are ready to care at this point?

Mr. Haug: We call that the ROI, the bottom line. Return on investment is important. There are some products right now where the return on investment probably is not too appealing, but we do have some return on investment. Particularly in the streetlights, we are looking at an eighteen-month return on investment. In other words, the cost savings alone is enough to finance the lights. Are the lights more expensive than your conventional metal halides that are out there? Yes, they are, but are the return on investment worth it? Absolutely!

CEOCFO: Do you believe people will buy it because it is made in America?

Mr. Haug: Obama said it in his state of the union address that jobs will be created by producing renewable energy products and these jobs will be created in America. The government is not going to be able to give any stimulus or grants favorable to small businesses unless they start building or buying American products. Therefore, as far as the commercial side is concerned, everyone is moving towards companies like SavWatt, because it is made in America; and the inventory is here. As far as the residential consumer out there who goes to Home Depot to buy a light, they go ahead and buy the CFLs because they are more cost effective. However, they contain mercury, therefore are not green. As an American product and company, the support of SavWatt USA will continue to grow,

opposed to companies such as Phillips. Especially when the prices for LED drop, the support in the residential market will grow. The government is stipulating that the grants and stimulus money that comes to help businesses out there will mostly come if you have a buy-American product. Therefore, the commercial side is very evident now. There is still the educational

process that is happening out there. There are rebating programs now, for instance you get .65 cents per kilowatt for some of these areas is you use those bulbs inside the household. California gives \$75 rebate for using an LED light. Therefore, there are some incentive programs for Americans to buy a U.S. product; it is happening right now. I would think that in another year's time, the consumer will look at it and value American made products. However, there has to be incentives. People will buy American, but when there is an incentive to do so that makes it even easier to do.

CEOCFO: How do you reach your potential customers?

Mr. Haug: Our potential customers that we reach are on the commercial side. We also have what is called an Eco-pole, which is a wind turbine so-

lar street light that only uses the sun and air to light up. Many people are looking to get off the grid per se, and not depend on electricity for their lights. Many customers, particularly farmers who use a lot of energy in generators are very interested in our products because it is renewable energy and they do not have to worry about the high cost of putting in generators. As far as reaching out to potential customers, many of our sales are done through distributors, commercial projects and street light projects. As far as the consumer products are concerned, again it is just buyer awareness. The more we advertise, and put it on the website, awareness will increase. However, you are right, if you Google LED lighting, the consumer really does not understand what it is or the benefits of it. Therefore, right now we are focusing on the commercial side, with the municipalities and the schools. We are looking forward to doing a project at the Maryland Science Center in downtown Baltimore Harbor. Our whole hope is the educational process and to have an Eco-pole displayed, which is again the wind turbine and solar panel that puts out the light. We plan to have an educational kiosk at the science center to explain the Eco-Pole and the process in which puts the light out. It helps to educate the children about understanding renewable energy. It starts with our children and moves on up.

CEOCFO: What is the market opportunity?

Mr. Haug: Let me give you an analogy. It is very much like in the 1991 era, when the personal computer

came out. It was relatively new, but it moved so progressively and look where we are today. LED lighting is probably the lowest hanging fruit there as far as energy is concerned. When you are paying .12 cents a kilowatt here in Maryland or whether you are paying .32 cents a kilowatt for energy in California, and you can get that reduced to .16 cents to .10 cents a kilowatt in California, it becomes quite clear the bottom line changes. So the educational process is heavy, but we are looking forward to making this a well known entity. LED lighting is here to stay.

We are excited to be able to duplicate this process and educate consumers throughout. I believe we are doing it the right way. This industry is all about dotting your Is and crossing your Ts. All of our products are UL listed, they are LM79 and most LM80 approved. Those are light measurements through the Department of Energy, Department of Transportation, and Energy Star. We are government compliant with most of our products, so if you are government compliant with your products, they are safe, they perform well and you help the bottom line, people are going to be very interested at looking at LED lighting.

CEOCFO: What is the financial picture like at SavWatt USA today?

Mr. Haug: Terrific. We are looking to do about \$100 million here our first year. We are hoping to sell about 25,000 of those Eco-poles that I mentioned, and they are about \$5 thousand a piece. Our street lighting projects we hope to do a multi million-dollar project in each city that we

have a factory or for LED lights here. Therefore, it looks very promising for the future here. As long as we can create jobs and have projects to do, we will create more jobs. That is how we are doing business. It is our hope to go to the Senators, Delegates and Congressmen and point out that if we can do a project for your city or town, we will create the jobs to assemble these products here in the United States and put a foot stamp in for America.

CEOCFO: In closing, why should potential investors choose SavWatt USA out of the crowd?

Mr. Haug: Our mission is very simple. We are focused on helping people and creating jobs number one. Number two, by creating jobs and using a product that helps the planet and it is also economical, so it is a win/win situation. If you can save a few thousand dollars a month on your electric bill by changing your lights like a car dealership we just did, you are saving about \$7,000 a month on lighting energy alone. That money can be used to build bigger bridges, roads etcetera. We did a proposal for a county in Virginia and they were spending \$8.7 million on lighting alone. By switching to LED lighting, it goes to \$3.2 million. So that is a \$5 million a year savings that that county in Virginia can save alone by switching to energy efficient lighting. By doing so, you also create more jobs because we assemble in America and we are going to have a healthier planet to leave a legacy behind for our children.



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