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CFO**

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**Despite The Wide Spread Financial Crisis, Axion International Is Doing Quite Well
With Their Structural Products Made From 100% Recycled Consumer And
Industrial Plastics, Fitting Into A Perfect Niche As The Demand For
'Green' Products In Infrastructure Work For Bridges Increases**



**Basic Materials
Green Technology
(AXIH-OTC: BB)**

**James 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 a leading structural solution provider of cost-effective alternative infrastructure and building products. The Company's "green" proprietary technologies allow for the development and manufacture of innovative structural products made from 100% recycled consumer and industrial plastics. Axion's up-cycled products are an economic and sustainable alternative to traditional building materials such as wood, steel or concrete. Developed in collaboration with scientists at Rutgers University, Axion's patented technologies allow for products that are extremely strong, durable, flexible in design, and low maintenance.

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

CEOCFO: Mr. Kerstein, it has been about six months since we have spoken; what has changed for Axion?

Mr. Kerstein: "It has been an interesting six months in that in spite of everything that is going on in the world financially, with the financial crisis that is obviously so wide spread. However, we have been quite fortunate to see our product really fit into an almost perfect niche, with regard to both infrastructure work as well as the green building in the area. We have actually garnered quite a bit of work in the past months working with the military. We have two major bridge projects in Fort Bragg that are due to start construction in early March. We received a nice initial order from one of the freight lines in the United States, as well as starting to do

business with a variety of the transits. We are quite fortunate in spite of everything that is going on financially, this quarter is going to be very strong as far as shipping and development and work goes. That is where we are and we are extremely fortunate right now.”

CEOCFO: Would you explain what Axion actually produces?

Mr. Kerstein: “Axion utilizes green technology to sell into the infrastructure market. We have worked over the years specifically with Rutgers University here in New Jersey and developed a series of thirteen patents and patents pending. We take recycled plastic materials that would otherwise land-filled or sometimes collected but not always designated for a product that has a specific end use. Based on our patents and our technology, Axion combines certain materials and makes structural products out of them. By that I mean we have built a variety of molds - I-Beams, railroad ties, bridge-girders, pilings and those are the markets we go after; bridge-building, railroading, and marine applications. We have bridges that are in service that have a Federal Highway Administration rating, which simply means that any vehicle that goes on the roads can cross one of our bridges. Currently, as I have mentioned, we are about to start a building project for the military, and we will be able to run tanks over a bridge design that we have developed with our product. One of the exciting things in the bridge industry is that our patents cover not only materials that we utilize, but quite often the quick assembly features and the structural components of how the bridge actually goes together. Those things allow us to be very price competitive by saving raw materials and yet still put out a product that is stiff and strong enough. To my knowledge, there is no other composite material of this type that has been used to build bridges; certainly not ones that can withstand the weight of a tank, which is the equivalent of three or four fully loaded 45 ft. tractor trailers over a much more condensed area. We have built railroad ties, and again the green factor there is that we are taking waste materials and we are making products that are very long-lived and don’t erode in the elements. There are no toxins that escape, they don’t rust, they don’t need to be painted therefore there are no paint chips. They are very low maintenance projects. We address a very broad-based infrastructure market whether it is bridges, marinas with pilings, or the railroad industry. In a nutshell that is what we do.”

CEOCFO: Do you supply the material and do the work as well? What is the relationship with the customer?

Mr. Kerstein: “We describe company and a technology in-are the manufacturers of the are giving out the technology. purchasers; we actually man-ucases of the bridges that are Fort Bragg, we are doing the serving as sort of a general may not do that on all future tracting of it goes, but certainly is such a unique application, we involved in the development of phases. We are excited and

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ourselves as a green technology novator. That said, we actually product, so it is not just that we We actually are the material facture the product and in currently being installed at building on them or at least contractor on the building. We projects as far as the con- on these projects because this wanted to be intimately it at the early construction involved at all ends of it now.”

CEOCFO: What kind of ca-wakes up tomorrow and discov-what you need?

Mr. Kerstein: “That is a great ourselves quite often. However, about running out of material production capacity. One of the in our product is what is called the milk jugs and juice bottles that all of us put out at recycling. Unfortunately in the

capacity do you have if everybody ers Axion; how do you produce

question and one that we ask we are not overly worried or of having limits on our primary staples of what we use curbside collections, meaning containers and detergent curbside for collection and US only about 35% of all

plastics are recycled at this point, so there is really room to create a much greater pull-through in the recycling market of a variety of materials and that is part of what we do and what we are interested in. That is on the feedstock end. As far as the production end of things, we have come up with a very systematic way of manufacturing where we put together banks of molds that can be used in different applications. In other words, we may set up twenty railroad tie molds simultaneously and just have them processing through, doing all railroad ties or we may set up a variety of molds for bridges like a forty six foot piling, a forty foot long I-beam, a smaller I-beam, interlocking into the larger one, decking boards and that type of thing. We do all of these as sort of component mold units and therefore it is very easy for us to transfer our molds and our materials into different manufacturing shops and utilize equipment. Unfortunately, in the United States, because manufacturing has been sent abroad, there is a tremendous amount of extrusion molding equipment that is not being utilized. Well we are more than happy to take up some of the slack. It is very easy for us to upgrade our

production capability and there is more than enough feedstock to support that growth. It is an exciting time for us; we've proactively addressed these growth issues as "problems" that we would like to have."

CEOCFO: You have something maintenance-free, cost effective as well as green; what could be the reason for not winning every contract?

Mr. Kerstein: "Basically what you are saying is that it almost sounds too good to be true. One thing that happens is the construction and infrastructure trade moves very slowly; change doesn't come overnight and rightfully so. If you are running a rail line the last thing you want to risk is a derailment. So you want to see extensive testing and extensive use performed on to your ties, and we have done that. We have, at this point, run approximately 1.5 billion gross tons of weight over our ties formulations at the American Association of Railroading Test Track out in Colorado. That is not meaningful to you and I, but to the railroads it is because they can look at different stretches of their systems and say we run 40,000 lbs. of weight over the section per year of 40,000,000 or whatever it means, so that 1.5 billion gross tons tells them how many years this could last. We have also had accelerated aging tests performed which indicate little or no breakdown of mechanical properties or wear over the equivalent of a 40-year period. We also have over 200,000 ties using our formulation in track.

We are starting to get to the point where we are winning the kind of acceptance that you are describing. With the bridge industry you have to prove that what you are putting out there is going to hold fire trucks, tractor trailers, in the case that we are doing now that it is going to hold tanks. You do that by getting civil engineers to work with the product. You have to do extensive testing, you have to provide engineering data, and then you have to get your civil engineers to try something new and to sign off on that. We have been fortunate enough to do that. The next step is that they watch how your product performs over a period of time and they monitor that product. For instance part of what we are doing with the Corps of Engineers in these tank bridge projects is the military is actually funding monitoring equipment, so that they get data back on things like sway, creep, and overall performance of the bridge. So far, we are getting tremendous results, but they do want to see that over a period of time.

We are now getting to the point where we have bridges using our formulations that have been out in the field for six to eight years and the results are excellent. The Army has a bridge that they built ten years ago now at Fort Leonard Wood, Missouri. The army feels that that bridge paid for itself in the first eight years of its existence, and that the bridge will last at least another forty to fifty more years. They are thrilled with it and that was part of the lead into this tank bridge project. So it is coming, it just doesn't all happen at once. Believe me I am preaching that to myself because like you said, you look at it, you taste it and this is a positive thing. It is and impressive technology, it is green and we are in the right market place, but it just doesn't happen all at once. I can't blame those industries for not just accepting anything that comes to them, because there have been things that were tried in the past that do not necessarily work. Amtrak is having trouble with concrete ties and other things like that, so there is a proving process and I think that is the short answer. We are far enough along in the proving process that we are beginning to generate momentum and we are beginning to see more and more of our product used in a variety of applications. That has been so exciting."

CEOCFO: Do you have plans yet for taking advantage of the money that looks like it will be available towards green projects, or is it too early to figure out where you can fit in there?

Mr. Kerstein: "We are beginning to have some political discussions with various senators and congressmen, and looking at different groups that we can work with and that might have some governmental contacts that would pay off and open up some doors for us. Certainly, with our work with the military, and it appears that the military is going to get a significant portion of the stimulus funding, we are very hopeful that some of that is going to come our way. We think that we are well positioned in both the markets that we are addressing and the type of technology which is green, so we really think that we are in the right place at the right time."

CEOCFO: In closing, what should investors know that they might miss when they look at the company?

Mr. Kerstein: "Historically people have not always invested in small-cap stocks, which are what we would consider ourselves at this point in time. We went public back in March, and our stock pricing has held relatively well from \$0.95 to \$1.20 throughout all these market fluctuations. It is starting to trade a little bit more enthusiastically, which helps firm up that price. One of the things that we are starting to see is that investors who didn't look at small-cap stocks before are now looking at them a little bit more enthusiastically because some of the companies that have been staples of our economy for so long are struggling and the paybacks aren't what they once were and there are losses. At least with a company like ours, the upside is so interesting and the potential so great that we seem to be attracting more and more investor interest. It sounds cliché, but green technology focused on the infrastructure market is really the right place to be. Because our technology is so unique and so broad-based, very seldom do you see a company in our stage of development that has not just the number of patents and patents pending that we have, but has so much testing done. We have so much proven technology in the field that I really do think we are on that sort of tipping point where we are about to take that next step forward and that is a good thing for investors to know about. I don't think that what you see on paper always reflects that right off the bat."



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