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Questioning Market Leaders For Long Term Investors

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COMPANY INTERVIEW

ALEX LIGHTMAN

Innofone.com, Incorporated

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Innofone.com, Incorporated (INFN)



ALEX LIGHTMAN is President and CEO of Innofone.com, the first and so far only public company in the world focused exclusively on IPv6. He has been the Conference Chairman and organizer of all five IPv6 Summits in the US from June 2003 to the present, the creator and Chairman of the Coalition Summit for IPv6 that attracted representatives from 30 countries, organizer of all the IPv6 events for the Consumer Electronics Show (largest trade show in the world, with 140,000 attendees) and he has spoken on

IPv6 in China, Japan, Australia, Europe and the US. Mr. Lightman is the creator and publisher of 6Sense, the only periodical of the IPv6 community with original articles, and has published 20 articles on IPv6. He is the author of the first book on 4G wireless, *Brave New Unwired World: The Digital Big Bang and the Infinite Internet*, published by John Wiley in 2002, and the CEO of Charmed Technology, which makes wearable computers and achieved worldwide acclaim for producing 100 wearable technology fashion shows in 20 countries. He is the founding Director of The IPv6 Association, which in January 2006 became the first IPv6 nonprofit to be officially recognized by the US government and receive tax exempt status from the IRS. He is also the Founder of the 4G Society and the first Cal-(IT)² Scholar at the California Institute for Telecommunications and Information Technology, a joint program of UCSD and UCI. Mr. Lightman has nearly 20 years of high technology management experience and, in addition, has experience in politics (including work for a US Senator), construction, consulting, the oil drilling industry and the renewable energy industry. He graduated from MIT in 1983 and attended graduate school at Harvard University's Kennedy School of Government.

SECTOR – INTERNET

(ADJ605) TWST: We'd like to begin with a brief historical sketch of Innofone and a picture of the things you are doing at the present time.

Mr. Lightman: I can give you the history from the perspective of IPv6 Summit, the company I founded in June 2003 which was to be the first private company focused exclusively on building businesses around the new Internet Protocol Version 6. We've had success in building a com-

pany that was near breakeven in IPv6 without any external funding, either equity or debt. We have accounted for the largest aggregate amount of attendee revenue and sponsorship revenue related to IPv6. Attendee revenue and sponsorship revenue are the only profitable areas of IPv6 currently.

We have found ourselves more in demand now, as we have done two conferences a year since the founding of the company, all in the US. We need to expand internationally, and grow and de-

velop new business units. I started working on those, but the offer from Innohone, an OTC company, was too good to pass up because that promised to allow us more access to capital, more visibility and greater transparency. I wanted to bring greater transparency into our operations and welcomed the chance to do that.

US reporting standards are now the highest in the world, and I thought that that would increase the confidence of government because the government is necessary to lead IPv6. There is no country in the world where IPv6 is happening where government isn't leading the transition. It is only in the US that the military is the part of the government leading the transition. In every place but the US, with the exception of Australia, civilian government is actually leading.

"IPv6 is an opportunity for what I call greenfield leadership, for a fresh start to do something. What I wanted to do was to pick an area where I could exhibit profit-making, wealth-building, politically powerful leadership where there was no dispute about who did what where, and where my own role was core to the creation of an industry."

TWST: In which country is it most advanced?

Mr. Lightman: It's most advanced in Japan and Korea. Those countries are so far ahead of the rest of the world that we look like we are still in the 20th century, and they are heading rapidly toward the middle of the 21st. As a statistic, the US used to have 99% market share of the IPv4 Internet, and it currently has less than .01% of the IPv6 Internet. So it is the largest collapse of leadership of any core industry that touches every other industry. There is no industry that the Internet doesn't touch and affect. And it's a sad ar-

gument for the free market compared to government intervention because without the government, we wouldn't have had the first Internet, nor will we have leadership in the new Internet.

TWST: Would you discuss further why we dropped the ball?

Mr. Lightman: We never really asked, what was the return on investment of the original Internet? What did we do right? What did we do wrong? The Internet is one of those things that had no real master plan behind it. It was a fortuitous accident like so many things.

In the beginning, the Internet, through the sheer force of personality and will of a very small number of individuals, had about \$50 million worth of federal funding. During the 1990s, federal revenue increased from \$1.1 trillion in 1990 to \$2.1 trillion in 2000, and that's because we had a booming economy that created 27 million jobs. Economists who have looked into this have given credit to the Internet more than any other factor and said that the Internet increased our GDP growth by one-third to one-half. So if you give the Internet the fair credit for federal revenues, over \$500 billion a year of the \$2.2 trillion that goes into the federal government comes directly from that \$50 million-investment in the Internet — that's a million percent return every year. I would say that is the greatest ROI in history that I know of.

TWST: Where does Innohone come into the picture?

Mr. Lightman: Innohone is a combination of a company that is working to make money by creating businesses, and to some extent it is the closest parallel to the IPv6 Promotion Council of Japan, which puts on trade shows and advocates IPv6 policy changes within the federal government of Japan.

What we are trying to do is to get the federal government to take leadership in this arena and to provide funding and get the United States to rev up the speed. They are allies in some senses, but I don't think there is any doubt that China is on fire, and China wants to beat us in the GDP sweepstakes. And I think there is nothing that protects the United States more than having the world's largest economy, so we can fund our military, intelligence, satellites and everything at will. It's basically treason for Americans to just simply say, "Let's let China have a bigger economy than the United States." I think that IPv6 leadership is a matter of life or death for Americans.

"We have proven our ability to be thought leaders in government and industry related to IPv6. We have an influence in IPv6 that is utterly and completely disproportionate to our size — and probably without precedent in any technology pioneer."

TWST: Would you explain in layman's terms the advantages of IPv6 over IPv4?

Mr. Lightman: When IPv4 was introduced, there was something called NCP, Network Control Protocol. Those two protocols, NCP and TCP/IP, or Transmission Control Protocol/Internet Protocol coexisted for about 10 years, from June 1973 to mid-1982 when those responsible did something I call "flicking the lights" and we shut off NCP packets for a day, then later for a few days, then entirely.

So you couldn't send the NCP packets through the system. It's kind of like saying you can't send blue letters through the system or you can't send letters that don't have a FedEx label through the system. Things in a certain category just won't be carried anymore. So they are shut off.

It's important for investors to know that there will come a day in which the IPv4 Internet will be shut off and it will not be routed anymore by the government or by industry. One thing we know from historical experience is that it's more expensive, more complex and less secure to be routing two Internet protocols at one time. I am shocked that people are historically unaware of this fact because they are putting all this time and money into an Internet that they think will last forever.

There is no graph in the world that shows the IPv4 adoption or the Internet adoption as anything but an S-curve. I am the first person to break the bad news: that IPv4 adoption is a bell curve. It doesn't just go up slowly and rise rapidly and then level off, it goes up and it goes back down again. And there will be a day when you don't know anyone who is using the current Internet, exactly as you don't know anyone who is using the NCP Internet. Everyone you know will be using the IPv6 Internet. So that's the first thing that every investor should know, because investors don't always need to know the details but they definitely need to know the trajectory of the trends, and whether something has cyclical and terminal growth, or has a structural and permanent growth trend. IPv4 is cyclical and terminal. IPv6 is a structural and permanent change, at least for the rest of the lives of readers of TWST.

The second thing is that IPv6 has the largest single advantage in an upgrade of any technology advance in history. There is nothing quite like it.

The change is a very subtle one — it has to do with something every investor can understand, which is identity. Would you really like for all of your investments to be held by a broker who just remembers your first name or your last name and

says, “Yes, just trust me with it”? No, you want to be unambiguously defined as the owner of those accounts, of your stocks, of your bonds and of your options, correct?

TWST: Yes.

Mr. Lightman: Would you like a phone number that changed every two hours where you didn’t have control of it and it was just given to you at random?

TWST: No.

Mr. Lightman: If I asked you what the number of your Internet address is, would you know it?

TWST: No.

Mr. Lightman: And I am willing to bet that fewer than one in 1,000 of your readers know their Internet address. That’s because they have been sold a bill of goods. They’ve been sold a broken, crappy, insecure, spam-riddled, virus-riddled system, and they have been told that it’s great. They’ve been sold a sow’s ear and told that it’s a silk purse, because there is one thing that we need more than anything else when we have an addressing technology, and that’s an address.

“America should be a leader in the Internet. And to be a leader in the Internet we must be leaders in IPv6, and to be leaders in IPv6 we must look at what other people have done with deep respect and affection and cooperation, but we must also get our own house in order, and we should fear and loath the idea of losing Internet leadership.”

What IPv6 gives you is a 128-bit address, and that means that the number of addresses possible is two to the 128th power. That equals 3.4 times 10 to the 38th power addresses that can be given out to people to use, and I mean every per-

son, every place and every valuable thing in the history of the world. So the old IPv4 internet is a 32-bit address, and that is two to the 32nd power, which is 4.3 times 10 to the ninth power, and that’s why I say 10 to the 29th power difference.

I inspired Congress to hold hearings on IPv6 as essential to regaining America’s Internet leadership, and one of the arguments that I won in front of the Congressmen who were there was that there is no free market for the Internet. I had to make this point because many companies say, “Leave the Internet for the free market.” It’s impossible, because there is no free market to leave things to. I got the head of the American Internet address registry to admit that, if General Motors asked for 50 million IPv4 addresses that they couldn’t buy them at any price, and GM would have to go to IPv6, because it wouldn’t have “felt right” for the deciding panel to give that many addresses to GM, even if GM could have paid for them. That means, unambiguously, that there is no free market for Internet addresses, and everyone in the hearing room got that point, and we moved on.

The only unambiguous measure of national success and uptake of IPv6 are the number of organizations — that can be government, federal, state and local — that have IPv6 address allocations, and the number of companies. In large part due to my advocacy, the US just passed Japan to become the number one nation in different entities asking for address allocations.

Imagine if everybody could have 50 Social Security addresses. That would give you a lot more privacy, but we dole Internet addresses out with an eye dropper, and not to individuals at all, as if we can’t create longer numbers. We fall into these conceptual traps, which actually retard our intelligence. The classic one is thinking that there are only five senses; that is an absurd contention. So

that same mentality says, “We can only have 32-bit addresses, we can only have 10-digit phone numbers, etc.”

TWST: In reading about your company, I came across the question of too little versus too much privacy. Can you explain the too much privacy side of things?

Mr. Lightman: With too much privacy, you can have too little information to make decisions, because information is the lifeblood of our economy today. So, to some extent, when people say they want privacy for everyone, and nobody can know anything about them, they are in effect saying is, we have no ability to do a census and no ability to do congressional districts. At almost every level, the argument for too much privacy falls apart, because it’s part of living in a society in the company of human beings. If you want to be employed, you have to pay taxes and pay for infrastructure, which requires reporting lots of information that, if we could keep private, would enable us to pay less in taxes, alimony, child support and hold back more money from others. We’re part of a large social super organism, and we need a balance between private, shared and common information.

TWST: With IPv6, can we achieve the proper equation?

Mr. Lightman: IPv6 is a tool; it is an addressing system, and it can’t achieve balance by itself. But you do touch upon a point. Many people say about IPv6, “Oh, it’s technology, I am not good at that.” It’s like standing on the edge of a pool, and it takes a leap to get into the water, but if you are afraid, you won’t leap. You dive beneath, and what you find out is that there is actually warm water there. Outwardly, without any details on IPv6, it looks like it’s 100% technological. Get past that, and look at the decisions still to be made

though that are most important, and you’ll see that nearly all the decisions are financial and political in nature.

Now, China has decided to elbow its way into leadership, even control, if possible, of Internet standards. China has a guy there whose whole mission in life is to get people to think not “made in China,” but “invented in China.” He doesn’t want China being filled with factories that pollute China. He wants China to be the originator, to use its market power to set standards, even if they are not really that different from American copied standards. So IPv6 is a battleground of China versus the United States over things like privacy, only they know IPv6 is the first battle of a new Cold War and we don’t.

Here is what it comes down to when you talk about the balance between privacy and security. Should the US government mandate a specific version of IPv6 for use in the US government? Yes, of course. If we don’t, it’s similar to when people talked about whether or not we should have standard units of measure.

TWST: What are the prime things that can be accomplished with IPv6?

Mr. Lightman: The first is a superabundance of addresses leading to greater identity. The second is greater security with mandatory IPsec. IPsec is the name for the security that’s at layer three in the protocol. The third is greater support for mobility, because originally Internet wasn’t designed for people going in and running around on 2 billion cell phones. Two billion cell phones is an old number, and we will have over 3 billion cell phones in the next year or so. You need two IP addresses to give end-to-end identity in that whole system. The fourth thing is the return of an end-to-end architecture, where a message sent from A gets to B with certainty.

When we have an end-to-end architecture, we have the potential for the trusted bubble. The trusted bubble allows me to filter. Once I get my IPv6 address and you get yours and we know each other from this call, then I'll always accept communications from you and from other people who have an address that I have a personal connection to. But otherwise, you better contact me through an intermediary and I'll see whether to trust you or not. If you harass me by sending me a spam or you try to fake my address or something, I will not only not accept any communication from that address, but I will hit a button and contact the ISP that gave him the static address to complain, or even the Regional Internet Registries, and say "This person is giving out addresses to spammers, disable their entire Internet allocation."

On a simple level, it's an upgrade to the do-not-call list. It's possible that there are going to be people who do not get certain Internet addresses because they are like a driver's license. It's going to be a privilege. And if you don't have an identity because you could abuse it, you are going to be like a person in jail who is not allowed to have a cell phone. All of a sudden, you are going to find all the spam disappearing, because with 1 billion people on the Internet, it only takes a few thousand jerks to go and spam the entire world and reduce the productivity of that billion. All those people are going to be identified, tracked down in their spammer identity and disabled from being able to do that in the future, because you will have end-to-end identity.

This capability is not just about having IPv6, it's how we use it. But we have a chance to start over with a fresh sheet of paper and not write the same story that we wrote before with IPv4. We need to write a new version of the Internet.

TWST: Do you believe that the government has to be more proactive?

Mr. Lightman: The government has to step up in there and wield these tools because the industry can't do it for them. No one company would even try to control the Internet, nor can any multinational publicly favor one government.

"It's our goal for each business unit current and developed in the future to do \$1 million in revenue in 2006. The first one is conferences and conventions like the Summit. We'll do five of them this year that will gross us about \$1 million. (They're all kind of small right now, compared to big conferences.) We're the leader in that particular category for paid attendance."

TWST: Have any companies kept up with IPv6?

Mr. Lightman: There is not a single company in the US where the US headquarter company has kept up with IPv6. The only carriers offering IPv6 right now are NTT and Global Crossing, though Sprint and MCI have both informed me that they are going to be rolling out widespread services this year. Sprint has required all of its contractors to be IPv6-enabled, which I think is pretty cool, and even suggested to the US government that it adopt Sprint's policies for all contractors to the US government. Want to sell to the US government? Use IPv6 in your own operations. This requirement is needed to move CEOs.

TWST: You were talking about the sluggishness in adaptation to IPv6, the initial cost to investors, etc. Is the sluggishness in not going over to IPv6 in part because it would be temporarily expensive?

Mr. Lightman: Yes. There is a graph that would show an increase of your capital expenditures and your training expenses in the near term, but it's supposedly offset with reduced mainte-

nance cost. I say supposedly because we see where we are missing something, a TCO or total cost of ownership study for multiple industries.

The TCO is the most important thing that we need for IPv6. I have been working to get funding to do a TCO. There is no study that has been done that says what the actual cost impact of IPv6 is from an organization besides one that's basically paid by executives and says, "Don't go to IPv6 now, wait till later."

TWST: Do we have to consider TCO in relation to the developments that are taking place in China?

Mr. Lightman: If you think China has a big trade advantage with the United States now, what will happen when China puts an IPv6 address in every one of the consumer electronics products it has? It's a giant step toward being in direct connection with you, and it could eventually have a subscription revenue stream from you and, in aggregate, the Chinese could know almost everything you are doing, because IPv6 has another thing we haven't discussed yet, which is stateless auto-configuration. Stateless autoconfiguration is like plug-n-play or USB, but is called "plug-and-ping."

If you are working in IP, you have to give everybody his or her own IP address. You have to configure that address, and that is address translation. Imagine pulling an IPv6-enabled stereo speaker out of a box with a small radio, something like that, and imagine you set it up and it talks to your home entertainment system and it just configures itself. I heard the CEO of Philips at the Consumer Electronics Show say that 32% of large consumer electronics purchases are returned to the store that sold them because people don't know how to configure them. IPv6 could help consumer electronics companies to help their customers be happy with their products. That's why InnoFone

does an IPv6 day at the CES show each year, and has done so for the last three years.

In America today, we take for granted that we are the platform holder, we are the brand holders and that the Chinese companies that manufacture most products don't have any way of getting access to American customers. They can't build their own retail channels all that easily or so we think. It's similar to barriers to the OPEC nations selling gasoline to end users. Oil producers have to build gasoline stations and find the locations. It is not that easy to set up distribution networks. But if you put an IPv6 address and all these devices together with little radios that you can make for \$10, you have a network node that can be reached and routed to around the world. Gas stations cost millions to reach the end consumer, but IPv6 smashes the cost to reach the end consumer. Look at the bill of materials in a cell phone — they are like \$40.

Imagine if China did include IPv6 addresses and small radios that could transmit packets, so that as soon as you turned on the device, it would reach out to the other devices in your home. The benefit to you as a consumer is, "Look honey, I set up the VCR, and there is not a 'blinking 12:00' on it. Aren't I a genius?" — or the DVD and everything is working seamlessly. Unless your home network is sealed off hermetically from the Internet and you are not likely to do that if you have TiVo replay, if you want it to access the Internet and update your programming selection, that means that the manufacturer in China can potentially reach across and touch you and know who you are.

And all of a sudden, they build a list of all their customers and they no longer have to sell their products through Dell, Cisco or IBM. They sell them to and continuously get you directly. With software support, later they can have mes-

sages pop up on any and every display linked and say “Hi, would you like to do your banking through the Shanghai Industrial Bank or the Beijing Agricultural Bank?” And the next thing you know, they have mutated themselves from hardware guys into the service side of the hardware, into the service side of finance.

TWST: Are American networks as secure as those of China?

Mr. Lightman: American networks are more secure for the moment, yes. We use our banking because we have the state-of-the-art IP-related industry headquartered in the US. It’s American companies like Cisco and Juniper that set the standards world-wide. But what happens when China sets the standards? You don’t think that the logic will reverse itself and that the people will feel more like banking with them, and then what does that mean? At that point, China has a powerful argument that everyone knows: the currency in China is undervalued. You know it, I know it, everyone knows it. There is no way we can have these trade deficits and yet have a 2% float within a band; their currency should be up over 20%, so, if we felt our money was more secure in China, and we’d get a better return, we’d pull out our money. And the US now has a negative savings rate for the first time since the depression.

Remember, these are many people in the top level of Chinese policy making who have PhDs in Electrical Engineering, unlike in Washington. The whole country is run like an electronics export shop, but these guys are all looking at our statistics and saying, “American companies are getting a huge fraction of their profits from services.” After IBM made a deal to sell its PC division to Lenovo with government approval, do we think that they haven’t picked IBM’s brains and said, “Why aren’t you focused on hardware anymore? Why are you

getting most of your money from services and software? Why do you do that?” It’s likely that IBM had to tell everything about its business approach to experts at the highest levels of China in order to get the Lenovo deal approved, and it’s likely that now China is going after services and support, with advice from the best company at going from hardware to software and services in the history of the world. Lenovo makes IBM and the Chinese government co-owners and investors.

So to me, IPv6 is an entry to new businesses. I can think of an analogy in a sort of reverse Rapunzel story. A princess is in a tower. Her hero sends a beetle crawling up the wall of the tower with a chain of human hair as long as the tower tied to a rear leg. The princess takes the hair off the beetle when it reaches her window, and then she pulls up the human hair and finds it is attached to a very thin thread. The thread is attached to a string, and the string is attached to a rope. The rope is attached to a chain, so she can climb down, pulling her full weight on it down the tower. IPv6 is analogous to that human hair that China is going to send crawling up the tower to the princess, who is the end consumer. The hair is light enough for the beetle to support it. IPv6 addresses are light enough to include in every device. All the Chinese have to do is say, “We have more IPv6 users than America, and Japan and Korea have agreed with us, so we have to reset the standards. We have 99% of the traffic, we set the standards.” So they have IPv6 leadership. And Cisco and company will have to kow tow, just as Google and other companies have to.

Then they say, “Well, because we have IPv6 leadership, we have leadership in routers and in intellectual property.” And if you want an example of this, go to Google and type in “China digital IPv6.” You will find at least one or more

propaganda essays that will say, “America is dominating standards but there is a new day dawning for China and now it’s time for China to dominate the Internet.”

This logic takes a long time to do, but it is not like America is taking every step to guard against this possibility. And this is why I testified before Congress under oath, and I take that oath with deadly seriousness. I said that, with leadership in IPv6, we add millions of jobs. And I printed an essay last November, because I liked one thing about John Kerry — that he set a goal of adding 10 million jobs during his term in office. And I said that the Bush administration should adopt that and I said, “Look, you want that, you push for IPv6 and you push for broadband and you’ll get 10 million jobs.” And I actually even went in and put a table on jobs that we would create with it. Trust me, it’s an Internet Olympics and the Chinese are going for it and the Japanese are going for it and the Koreans are going for it and the Indians and the Malaysians and the Taiwanese and the Europeans. They’re all going for the gold. They want to win the Internet leadership. The only advanced nation that’s more clueless and more out of it on Internet leadership than us is Canada.

TWST: What is the agenda at Innofone?

Mr. Lightman: There are several areas in which we are active. It’s our goal for each business unit current and developed in the future to do \$1 million in revenue in 2006. The first one is conferences and conventions like the Summit. We’ll do five of them this year that will gross us about \$1 million. (They’re all kind of small right now, compared to big conferences.) We’re the leader in that particular category for paid attendance.

The conferences in other countries are typically paid for and subsidized by governments. For instance, if you go to the Beijing IPv6 Summit,

you’ll see a room full of thousands of students chowing down on a free lunch. They bus them in and give them a free lunch to get them exposed to IPv6. It’s a worthwhile expenditure for governments, and governments have, to date, supported conferences, making it unattractive for companies outside the US to compete in events. We have an advantage from doing nine events.

The second area is trainings. We do these monthly federal CIA workshops and we’re doing other trainings related to IPv6. The third one is domestic consulting. That’s consulting that goes to federal agencies and to private companies. Juniper just paid us to do a study called “The IPv6 Best Practices World Report.” The fourth area is international consulting. We just recently completed two projects for NATO. We wrote the time lines for NATO’s transition to IPv6 and that should lead to business with, hopefully, the 26 member nations of NATO if they want to coordinate their strategies. It’s not a given but it’s our hope because of where things are going with IPv6 world-wide.

The fifth area is testing, including conformance and interoperability. We have announced a teaming arranged with Spirent, which is a \$500 million a year company, to do the world premier IPv6 test center, and that’s going to be in Fairfax, Virginia.

The second cluster is acquisitions. Acquisitions timing may depend on stock price.

TWST: One of the main strengths of the company seems to be Alex Lightman. Would you tell us about the elements in your own education and career that led you to be doing what you’re doing now?

Mr. Lightman: Yes, but I have to give recognition to the great people I have on my team. My VP is Gerard Casale, has been involved in hundreds of M&A transactions and financings and is experienced in both the private and public com-

pany realms and also knows a lot about high tech companies and how they work. He's done a great job in leading turnarounds, including helping companies emerge from bankruptcy, which will help us in our acquisitions, and also is the person who spun off X-Labs from Hughes Research Laboratories. He's got this amazing combination of legal expertise, of securities expertise, technology expertise and merger and acquisition expertise. I'm thrilled to have him on staff and I respect him tremendously. I learn something from him every day.

The second person I'd like to highlight is Karen Rosolowski. Karen was the Financial Director, basically the internal CFO, for one of the most successful units within Kodak. She built that unit as Financial Director, basically doing the financial organizing and planning and decisions for about a dozen acquisitions that Kodak did in its entertainment imaging division, so she built that division to \$1.1 billion in revenue and it had pretty high margins, so I'm very thrilled to have two people who, between them, have done well over 80 transactions that are the size of what we're doing or bigger in their recent careers. On the services side we have Dale Geesey, who I think it's fair to say is the best IPv6 consultant in the world, particularly based on completed government IPv6 transition plans. He was an author of both the DoD and NATO plans. Alex Ramia, our VP of Product Development, was in charge of IPv6 for Panasonic, an \$80 billion company, and he's got some great products in the pipeline.

My own background is that I went to MIT and I made my own major in Enterprise Engineering. I graduated in 1983 and I had more credits for one degree than anyone else in my class, from what I can tell from talking to the registrar. I saw that there was a need to learn a lot

about engineering and a lot about how to create industries. It's a really good question that cuts to the heart of what makes me different as a CEO. I studied at MIT how to reverse the assumptions of engineering and business. The engineering assumption is you have to build the damn thing from scratch. The business assumption is you're just going to go be another cog in a machine that already exists. I studied how you could repeatedly create new businesses that created new industries, and I've done that for 4G and for IPv6, taken ideas and turned them into industries.

IPv6 is an opportunity for what I call greenfield leadership, for a fresh start to do something. What I wanted to do was to pick an area where I could exhibit profit-making, wealth-building, politically powerful leadership where there was no dispute about who did what where, and where my own role was core to the creation of an industry where, prior to my involvement, in the US, there was no IPv6 industry, in the sense of having IPv6-focused profitable businesses, vs. just having IPv6 as an almost never used feature in routers.

Now there are companies that are really stepping up to the plate and it's extraordinary to see who steps up to the plate and really makes a contribution to make things happen and who hangs back and who bickers and squabbles. Some supposed leaders eventually come around and do the right thing for IPv6, but they take three to six months to make their minds up about it. It's an extraordinary X-ray of who has a road map of IPv6's importance, and who doesn't.

Warren Buffett claimed to have this X-ray ability to look into a company's operations. I can look ahead and actually get this kind of sixth sense about whether a company is going to take action if I give them a call for action or not. Sponsorship of

IPv6 Summits is like an IQ test for the future, and only 50 companies have passed the test to date.

TWST: Would you hazard a guess as to how long the period of co-existence between IPv4 and IPv6 might be?

Mr. Lightman: It's a political decision. It's not a business decision, so there's no right or wrong and it can't be predicted by charts or graphs, but I have been asked this question before, so I'll give you my number. But keep in mind that this is a Heisenberg uncertainty principal because I, as an observer, picking this number, am actually paid to make this number. People pay my company to come up with time lines for IPv6 and there actually is a little line item in the DoD IPv6 transition plan and in other plans that says, "Extract IPv4." I would contend that IPv4 will only be used by people who are seen as fringe and who are out of the business mainstream after 2017. These are not Fortune 500 companies and not federal agencies. In 2017 IPv4 will be dead for international business and government purposes in leading nations. Using IPv4 will distinguish nations as laggards as much as low income and lack of democracy do today.

TWST: Do you think the people at these larger companies that you talk to have an equation for TCO that is different from the one that you have?

Mr. Lightman: I don't think they've bothered to do the TCO equation. They're fish in the water that are used to the smelly water and so they think that's what it is. They do silly things because they think IPv6 is years away, instead of an immediate red-hot opportunity.

I'll give you an example. Two years ago in January, there was an article in Technology Review. I'm an MIT grad and I was embarrassed that an MIT magazine would say something so

shortsighted. The author said, "Will anyone in my family use it in my lifetime?" He said, "Yes, my daughter would. My daughter is 10 years old and only if she goes to Oxford in 2016 will she ever use IPv6."

You've got to get the idea that IPv6 and IPv4 are not compatible. You have three ways you can deal with them together. The first is dual stack routing. The second is encapsulation. You put one packet inside another packet. The third way is tunneling. So the IPv6 network in Japan communicates with the IPv6 network in Korea not by going through an IPv6-only connection, but by tunneling through IPv4, or at least that's how it used to work. That's a virtual private network. A salesman on the road will go and tunnel into his company's intranet to see customer's lists so he can network privately.

TWST: How can the US regain its leadership?

Mr. Lightman: Support Innohone and provide me with the resources and platform to go out and accelerate companies, IPv6-ify them and then send them into battle on behalf of the US. I need to be buying Japanese and Korean and Chinese companies, so at least an American company will be keyed into those networks and into the good data loops for what's going on so that the 99% lessons learned on IPv6 that are happening outside the US are known in the US as well, just as Asian and European companies purchased US ISPs and mobile phone companies to learn about the IPv4 Internet.

TWST: How much investment support have you gotten so far?

Mr. Lightman: I've raised \$4.5 million from NIR.

TWST: Would you give us the three best reasons for the long-term investor to start looking closely at Innohone?

Mr. Lightman: The first is that we have proven our ability to create businesses that are breakeven or profitable before any other company in the world can related to businesses that emerge around IPv6. It's not about IPv6. It's how you use it, and we use it to make money, and validate IPv6 as we do.

The second thing is that we have proven our ability to be thought leaders in government and industry related to IPv6. We have an influence in IPv6 that is utterly and completely disproportionate to our size — and probably without precedent in any technology pioneer. I mean, we've accomplished moving the US to mandate IPv6 for the government and gotten it mainstream attention, including Lou Dobbs, The New York Times, and Investors Business Daily with, for the majority of our existence, three or four people. And now we've just tripled our size so that we're about 12 people. So imagine what we can do with 12 people instead of four — and then imagine what we'll be able to do with 120 people instead of 12 or four!

The third thing is that we have some awesome products and services — and basically with IPv6 the line between products and services is completely blurred — you could call them serducts or provices, those are terms I've heard before — and I think people will want to use them. I think people will want to actually start using what we have to offer because it's really neat. And because we're just so saturated with the possibilities of IPv6, if we don't make these products, I don't think that they will come out as soon or that they will be as cool as if we make them.

And to give a fourth and overall reason, I don't know — in a marketplace where you have an inverted yield curve, where you have most inverted yield curves leading to recessions — of a clearly better bet to make. I don't think that there

is another public company that is the only pure play creating a market that's going to grow a millionfold. I think that our stock will massively outperform all indices and most funds this year. I don't actually think there's going to be a large, diverse mutual fund or index fund that will outperform our stock this year, and I'd be willing to stake my reputation on it!

TWST: What would be your feelings about being absorbed into a larger company?

Mr. Lightman: I don't think that's really good for America's economy, and I don't think it's good for our shareholders. You know, we're a pure play, and if the market is growing a millionfold, why would we want to dilute it by being a part of something, focused on markets that on average are growing much slower.

Part of my unique value to the US economy is in being a CEO who can do this sort of interview. Thus, when I ask Congressmen about holding hearings or when I talk to the DoD or OMB or the media or vastly larger companies, I have a certain stature that comes just from being a CEO, and if I'm a Director of something or a VP of something, even it's some big organization, I'm one of thousands of people, and I wouldn't have the access. If you look at who came and spoke at the conference I shared on IPv6, it was the Vice Chairman of the Joint Chiefs of Staff, and if you go to www.USIPv6.com, there's a picture that shows him at the podium and me standing there fielding questions in a room full of really smart, powerful people. So there's a certain stature or a congruence between being a CEO, being Chairman and having really powerful people all show up at our summit as a place for industry, academia, standards, bodies and governments all to get together.

I think it's important for there to be at least one person out of almost 300 million

Americans who says America should be a leader in the Internet. And to be a leader in the Internet we must be leaders in IPv6, and to be leaders in IPv6 we must look at what other people have done with deep respect and affection and cooperation, but we must also get our own house in order, and we should fear and loath the idea of losing Internet leadership, because when it's gone, we will have cracks in a very big dam holding back a flood of competition in service and transaction and identity-related exports, especially banking. This is the sort of competitive collapse that could bankrupt and ultimately destroy America as we know it. That means we have to put money into Internet leadership and really go supercharging and do everything that the best have done — and then do even more. My experience is that if don't say these things, no one else does.

TWST: Is there anything you'd like to add, particularly with regard to challenges, opportunities, strategies and vision?

Mr. Lightman: The challenge is finding investors rather than depositors. I have heard a phrase, "There are no more investors; there are only depositors." I'm just astonished that people don't learn the lesson of where appreciation is in stock. You can't replicate our track record and the respect it's generated. You can advertise all you want and you won't have that credibility. So I think that, ultimately, the stock should be more than what it was when Innofone purchased the IPv6 Summit, rather than considerably less.

TWST: Thank you. (MC)

ALEX LIGHTMAN
President & CEO
Innofone.com, Incorporated
1431 Ocean Avenue
Suite 1100
Santa Monica, CA 90401
(310) 458-3233
www.innofone.net
e-mail: ir@innofone.net
