



TELECONFERENCE BRIEFING

BY CEO RIGGS ECKELBERRY

16 May 2019, 5PM PDT

(Transcript from recording)

SAFE HARBOR STATEMENT

To the extent any statements made in this presentation deal with information that is not historical, these are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about OriginClear's plans, objectives, expectations and intentions with respect to future operations and products and other statements identified by words such as "will," "potential," "could," "can," "believe," "intends," "continue," "plans," "expects," "estimates" or comparable terminology. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Uncertainties and risks may cause OriginClear's actual results to be materially different than those expressed in or implied by OriginClear's forward-looking statements. For OriginClear, particular uncertainties and risks include, among others, risks associated with the failure to realize the anticipated benefits from its operational plan thereof; operating costs and business disruption following the general business and economic conditions; OriginClear's need for and ability to obtain additional financing, the challenge of developing and successfully licensing new technology, and achieving market efficiency; the operational success of OriginClear's acquisition business; and the success of effective operations. More detailed information on these and additional factors that could affect OriginClear's actual results are described in OriginClear's annual and quarterly reports that have been issued and filed with the Securities and Exchange Commission. All forward-looking statements in this presentation speak only as of the date of this presentation. OriginClear undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Riggs: Well hello everyone. It is the 16th of May and we've got a beautiful day in LA after a ton of rain, which is always fun and different. Had a great year for rain, that's for sure, since we're always all about the water aren't we!

Anyway, I wanted to brief you guys a little bit on what's going on here and how we're advancing into our business model, and one thing that has dramatically changed from previous years is that at this point, we have a business that we can execute on. It's no longer about creating opportunities, it's about monetizing them. I love that because at that point you start to trend the sales and get things done so that you can win the race.

A couple things, first of all, [I wrote about this Upgrade to Modular™ concept](#), which is we're not just upgrading people to a better kind of modular water system, which is fine, that's all good. But we're actually getting them into a new way to think about water. I called it the Modular Way™ in [this morning's CEO update](#). The Mac way, the Macintosh Way, was a concept that was stronger than the machines themselves. People sell computers all day long, they sell phones, et cetera, but Apple, ever since the Macintosh has always had this very deep integration, and you always knew with any kind of Apple product that you could just start to use it. You didn't need an operating manual and that was true from the very beginning of the Macintosh. It wasn't true with previous computers or the Apple II or anything like that, but with the new visual operating system that Steve Jobs came up with, we would have a system that really was in a class of its own. It was no longer mediocre stuff, it was actually a tool that delighted its target audience. In fact, in that [book, The Macintosh Way](#), Guy Kawasaki talks about the product delighting people, being an indulgence.



A leading provider of water treatment solutions.

I'm going to tell you a story a little bit about today. Today was a huge day for us, and I'm going to try to code this discussion because I don't want this particular client to stumble upon my speech and to find us talking inside baseball about him. So, I'm going to have to be discreet, but just to give you an idea where this is going.

The first part was this Macintosh Way and you'll see how that works with this client that we have. The other critical part of it is, we now have an amazing, amazing Chief Operating Officer in [Tom Marchesello](#), and in fact we're intending to bring him all the way up. He's been deep down in [Modular Water Systems™](#) to get that going, and we've now decided to elevate him to the OriginClear level and be the actual COO of OriginClear. Now that is not an official statement, because we haven't announced it, but that is my intention, and he is a world class exec, and he is kicking you know what and taking names. I love how it's going. The process is making people super excited in the company because he is aligning the business.

Tom has basically made sense out of the organization, which has also allowed us to plan a new website, which is well overdue: that is that we essentially have these three buckets. We have OriginClear at the top, as the holding company. Then from the left we have our [Technology Division](#), which he likens to an octopus, it has a million things going on, but inside this box of "Hey, we don't try to commercialize it until it's for real, until it's a product." You can't sell technology, you can only sell products. Then it goes over to the next bin which is our service operation or system integrator in Texas, [Progressive Water Treatment™](#), which is there to do the hammer and tongs stuff, building custom projects. They sold one in January for example to a power plant, a university power plant system that was a nice close to \$700,000, so that was nice. That's what they do. They're essentially a services operation.

The third part is really turning into the crown jewel of the business, which is this Modular Water. Modular Water is this thing that moves beyond just being [Modular Water Systems](#) to being the Modular Way, now that's why we say "Upgrade to Modular". It's a concept which plays beautifully with customers of a system that is pre-fabricated, pre-packaged, modular. What does that mean? It's like Lego bricks. You want the desalination piece, you want the whatever, super purifier to get rid of all the RoundUp® in the water. All these different parts can be mixed and matched and we have it all in this super durable envelope that has chambers inside it and this envelope then, with its chambers, can expand to fit needs. Started with a house that's too big, but you're planning a family so you have the kid's bedroom, it's going to be used as a den or whatever, but you know that it's going to be the kid's bedroom and then we get the kids and now they have their bedroom.



A leading provider of water treatment solutions.

Very similarly, you have a system with all these parts and you might not have a desalination function in that modular system, but you've got a space for it if the day comes when all of a sudden, the water you're treating on the inbound to make it drinkable is a little bit salty, well you can put that in without buying a whole new system. That gives me another analogy, which is it's like a Tesla, meaning that Teslas do not become obsolete, they are upgradable. So, you can keep adding more stuff to them through software.

This is exactly what we're talking about when we talk Modular. It's upgradable and it can stay with the times and you're not stuck with something you have to replace and furthermore, that package is able to last 75 to 100 years, so you've basically made an investment in a package with pieces that can come and go and be changed depending on your applications, the businesses you're in or whatever at that location, and also the water quality, let's say in Florida and there's more and more salt water intrusion from Jupiter Inlet, but that's okay because you can add a function in the reserved chamber. So this is that beautiful interoperability, mix-and-match which is what the Modular Water concept is all about and that is specifically the brilliance of [Dan Early](#), who joined us in mid-last year, who is you might say the high priest of this concept.

He is the one who has really done this right because, I mean, there are other modular water treatment companies out there. If you just Google "modular water", yeah we dominate the entire page, but there are two or three companies on that page and on page two and page three. So, it's not like the thing doesn't exist, but why do we get with minimal marketing, almost the entirety of page one in Google as a modular water company when it's not the first time anyone has done modular? It's because Dan figured out how to make it an elegant and brilliant concept in execution. So we're seeing customers... for example, we have a very large national insurance company that, in an eastern state, came to Dan, in one of last year's deals, and they said we want a pump station because we used to process our own water, but now we're hooking back to sewage and we're doing this as part of an office park that has got to last 75 years and you're the only vendor out there that claims a 75 year durability, so we want you.

It started out, a simple \$35,000 pump station and glory be, it got upgraded and upgraded and now it's like \$150,000 and the insurance company, which is a major insurance company, is delighted and you'll find out officially about them soon enough because that whole project, we would have announced it earlier, if they hadn't kept increasing the scope and asking us some more, and of course we're not going to say no. That is the hallmark of what Dan Early does, which is to create such a great complete experience for the end user that is very much like an Apple Macintosh and that's why we call it the Modular Way.



A leading provider of water treatment solutions.

Then, today we went and saw a prospective client and, now this is really what's cool: we are getting major, ready to buy, large corporate customers, coming in through our website. I'm not going to say our website is anything special right now, we're in the process of dramatically improving it, in fact all our websites. The central one and all the divisional ones, all that stuff is being dramatically improved, but nonetheless, they say what we are and the PR happens and the announcements and the word gets out.

So we've been having leads come in. And Tom Marchesello came on three months ago and he went into the lead stack and went oh my god, there's this major hospitality group and you would recognize them in a New York minute, that's why it's going to be so hard for me to code this so that nobody's ears start burning because I really don't want that to happen, but basically they are dramatically expanding, they are a player that is planning to do literally dozens of new hotels over the next few years.

And they came to us because of our representing that it's going to be a unit, it's going to do all of these wonderful things in a box and it's just going to be built in a factory, trucked out to location, dropped in the ground, plugged in, done. And today when we met with them at one of their properties (they very nicely bought us lunch), they said "Is this true, can you do that?" Of course we can, we said, and we showed them all of the actual examples of our installations. One is right here in the Los Angeles Federal Courthouse that Dan installed a couple of years ago, before we got him, but it was really his reference client. And we showed them all of the price comparisons that we do so that the client's really aware of the different choices he has. Even the competitive stuff and the water analysis, site analysis, that we've already got it, this is not some future thing we're not trying to get business going, we have this and it works beautifully.

And so, you know, actually without telling you too much on this phone call, they were ready to do stuff immediately. They are on such a heavy deadline that it's like, "We kind of need to start and if you can do these immediate assignments pretty fast, guess what? You'll be our preferred vendor. And then we've got these dozens of properties over the next few years." So, again I've tried to keep it very, very general because I don't want to speak out of school but this is a client that, just like the major insurance company, is able to give us a lot of business and needs something right away so it's not this endless going through "maybe someday I'll get the deal", no, no, no. They've got the stuff right now, they know we're qualified. We have fantastic references et cetera and all we do is deliver to their tight deadline, and then the rest will follow. I can tell you that that kind of client reference, for instance let's say that by Q4 we have achieved that initial success with them, then it would be really a heck of a reference for what we do, and a validation.



Going back to the Macintosh idea, the Macintosh was great, a nice little toy and I remember when it first came out and Steve Jobs was, "Well you can put your cook book recipes on it." I mean literally he was trying to find uses for it. But they did something very smart: Guy Kawasaki was the software evangelist and he used to give away Macintoshes to software developers; and one of them was a company called Aldus, they built something called PageMaker and that's when desktop became an adjective, as in desktop publishing. And PageMaker created desktop publishing and made the Mac useful... and so that's where we are doing the same thing here. where these key major multinational customers are buying into our philosophy, and the capabilities, and our world class standards, and our ability to be nimble, right? It is actually that same kind of proof that can make Modular Water Systems into a real player and of course Modular Water Systems is our brand, it's our product line. And not only is it our brand, it's turning into the Big Picture.

I remember back (I'm overdoing the Apple analogy, but that's just a great example), but when Apple first launched these visual computers they started with the Lisa. That was supposed to be the flagship, it was wonderful, expensive, and the Macintosh was this little toy and the group that built the Macintosh was in sort of a back area on the Cupertino campus and it turned out that they were IT – they were the ones, and they produced the fantastic thing and Lisa ran kind of slow and so forth.

So what Apple thought was going to be the follow up to the Apple II regular character-based computer, which was this new visual operating system that we take for granted today, was supposed to be Lisa – it turned out to be the Macintosh and Lisa just went away. And so we recruited Dan Early with his patents and so forth and his customer base and his following and his visibility and his concept and it's turning out to be really the tent pole for the company. It's such a strong concept and it goes so far beyond what we had expected that it literally has now changed the way the company looks with our "special sauce" which is super important. Earlier today a client said "What do you do for cooling towers?" And I said that we have a chemical-free way to keep the water in the cooling towers from getting all funky. They go, "chemical-free that's cool" and I went "yeah". But that's one of our radically new technologies, we're not going to start with that but one day along the path we're going to roll that technology into cooling towers because you don't want to sell something to a big, big multinational customer that's experimental.

So now we have a place for our experimental technologies, which are slowly achieving application success all over the world, but they can be put into our own Modular Water Systems and all of a sudden, hey guess what? We can now have a modular system that does cooling towers the way it always did but all of a sudden no more chemicals, that's



A leading provider of water treatment solutions.

cool. And it's not like we have to sell anybody on the technology, because we provide a packaged solution.

This gives us our own captive market, our own channel. Let's say that you are Dell Computer right? Well you decide to roll out solid state hard drives, right? Well you have a channel, you're selling computers everyday so you just decide that one of them is going to have solid state hard disks. So it's really important to have that vehicle to take your stuff out and then you can, once things are proven, let's start putting them in our computers. And so you have a business that can absorb these and we really needed that. It was probably the biggest need that the company had, was a way for products to be integrated into a selling system so this really gives, at the far left of the org chart what Tom called the octopus, it does a million things but it doesn't spend any money, it's really there just to develop technologies and do it really without a lot of budget. And those of you who know a little bit about the airline industry know about Lockheed Martin. It had what we call a Skunk Works, maybe because the engineers in there never bathed, and they had zero budget but they had unlimited freedom. Things like the SR-71 Blackbird, an amazing, amazing plane, came out of the Skunk Works. Similarly, we've got our own Skunk Works, we call our octopus and that has all this great stuff, very advanced.

Now I will be devoting next week's CEO Briefing to what is happening in OriginClear Technologies. [Bill Charneski](#) did a world tour recently and we now know what parts of our network do a great job and have promise, are doing great things with us and some of them are very confidential but super important. So, there's definitely stuff happening that's worthy of its own briefing and I hope you will [book yourself for it now](#), because it's going to be very, very cool.

So the technology side is going well and it's building but it never had the scaling that we were looking for. We were looking how do we get this thing to scale? Well you know that the Macintosh scaled up, it scaled up because it had the special sauce where these applications started showing up on this really cool platform and so in a similar way we're going to have world class adoptions by world class customers on this modular platform and it's already in the works.

We already have for example this insurance company that has been going great. We have others that we will be discussing. A very, very important task that we have now is create a blog, a very important blog that's going to start sharing use cases, site references, user testimonials, stories, flesh things out so that people can go "Is this thing for real? Oh yeah, I can see that there's a blog post about an automotive parts supplier



A leading provider of water treatment solutions.

that has to do wash-downs of motor oil and where does the motor oil go? Got it... wow, I've got one too."

And this is very important, for example recently in the last press release we did [about Gavin Newsom](#): Gavin Newsom the Governor of California wants to raise yet another tax, this time on drinking water to solve water problems for communities in trouble. And this is needed! Compton right now, the City of Compton, California, has brown water. Not a pretty sight. So it needs help for sure. But in the long run, what the government needs to do is not try to do all these sort of tax-driven, big central things which solve problems so slowly and are so expensive, and frankly, tax payers are tired of it, is instead just to encourage this new model of treating your own water.

And I gave an example in this press release about a housing subdivision in California, 200 homes, we call them 200 doors, it can install one of these water-treatment systems onsite instead of flushing it all down to the sewage plant. They can treat the water themselves, take the grey water and the black water, everything, and recycle it into sprinkling the golf course and the lawns and so forth, and literally pay for a half million \$ system in one year from the water rate savings which are so punitive in California.

We said that and our marketing guy, Kevin Pruett, very smartly chose to distribute the press release into the golf course market. Sure enough, a major business owner in the golf course business picked it up, called us up, and now we're specking a system for it.

I've marketed products for many, many years and when I see something like that happen where people pick up the concept without a whole lot of expert word crafting, and they get it, and they become a customer, wow. And so, this is where it's really, really useful to have these galleries, these logs, where really what they are is case studies and all that good stuff, and so that there's meat. And then, when somebody goes, "How do I recycle water for my golf course?" in Google, up pops the article from Modular Water Systems on that application case, and that drives more and more business. These are great times for that kind of marketing because of things like Google, you put in your problem and get your solutions.

So we are pulling the whole business together. Next week I will be going with Tom to McKinney, Texas, and have an all-day meeting, on Tuesday. Myself, Tom, Dan Early will fly down from Virginia, where he is based. [Marc Stevens](#) will be the host at Progressive Water and also Ken Berenger who is VP of Business Development will fly in too. And we're going to sit down and spend a full day, really putting together this new integrated organization that Tom is creating. We can see a lot of really good news, a lot of revenue events, large reference clients happening.



A leading provider of water treatment solutions.

We're on that pathway and I am so grateful that you have made it possible because, as I keep saying, the way that we are raising money now is a win-win. First of all, it's cheaper and less destructive money than we would get from Wall Street and I have to say it, there's pressure on the stock because last year we raised money in a way that created pressure on the stock.

We don't have to do that now, because we've got you as investors. It's a win for us because we get the funding we need without destroying the stock. At the same time you get a deal where it's extremely risk averse. You get full repayment of your principal. You get dividend payments for two years at the 8% annual percentage rate, and you get a substantial stock grant which is price protected so that you just don't care what happens to the stock price in the short, and medium term because you know that this company is executing.

Now if you want to know that this company is executing, then you need to talk to Ken Berenger especially after Tuesday, because he's going to get an earful of what's going on. He's going to contribute to the conversation. He's going to tell us what we need in terms of business development, and he will be able to make himself even more knowledgeable than he is because he is a fine businessman, and he is a super educator of what's going on here.

So without further ado, I'm going to give you the phone numbers. And it's 323 939 6645, and talk to Ken at extension 201, talk to Devin at extension 106. Now it's very important that if you are an accredited investor, you do talk to Ken or Devin because these things get closed out very, very quickly.

We have refined it to where it's very, very good business. And really a good insurance policy for the investor, because let's face it, the stock market is not going to keep going up forever and in fact just been going up and down and crazy, this and that and who knows about China and so forth. The conventional stock market, is overdue for a pullback. That's why it's good to own a piece of secured corporate debt. It's good to have a secured piece of a company that's in a recession-protected business, like water, which has long-term prospects.

So, in these uncertain times, it's really important to look at this investment. Now the stock price may not be a pretty stock price. Well, the fact is that a lot of this is professional borrowing that we did last year to bring Modular Water Systems in and create it. Now we're paying the piper.



A leading provider of water treatment solutions.

But the good news is, that will wash out. Meanwhile, the business grows. We know it's growing, we know that the cash flow will continue to get better and better. And we know that if this is going to become one of the great brands, then we will become a major water company.

Why? Because the big water companies are not thinking about these smaller decentralized modular systems. They're thinking about these big central municipal multi-million, billion dollar systems because that's the big bucks, but it's like a shark tank, and we're coming in just like Apple did, launch into a marketplace that is completely mediocre, because we have this difference.

And so we're helping the user who has that problem right now. He's got a machine shop and he's got a motor oil problem. He's got to handle it now and wants it. And if you're it, he's going to buy. That's our customer. We're going to do a lot of good in this marketplace. I know it. You're helping us make it happen. Again, if you're accredited, you really owe it to yourself to call these guys and discuss it, because they are really good advisors.

Now I've spoken longer than usual, but it's a pleasure to give you these thoughts to review. It's always an honor working with you. I feel that we are making history now. We are on the path to an amazing future, and it is happening right now as I speak. I'm seeing the deals happen with these major adopters.

So thank you again. Have a great weekend. And next week we will discuss OriginClear Technologies – the licensing that we're doing and the outsourcing and all that fun stuff. And that's going to be very important briefing. The week after we're going to be off on the 30th and then we'll resume the week after that. So again, thank you so much. Enjoy your weekend; you are valuable to us and we appreciate all your support.

Good night. Riggs

Important Disclaimer

The securities referred to in this advertisement may be sold only to accredited investors, which for natural persons, are investors who meet certain minimum annual income or net worth thresholds. These securities are being offered in reliance on an exemption from the registration requirements of the Securities Act and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act. The Securities and Exchange Commission has not passed on the merits of or given its approval to the securities, the terms of the offering, or the accuracy or completeness of any offering materials. The securities are subject to legal restrictions on transfer and resale and investors should not assume that they will be able to resell their securities. Investing in securities involves risk, and investors should be able to bear the loss of their investment.



A leading provider of water treatment solutions.