FORM 8-K

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Mailing Address
2055 S. FOLSOM ST
LINCOLN NE 68522

Business Address
2055 S. FOLSOM ST
LINCOLN NE 68522

Securities and Exchange Commission
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant To Section 13 or 15(d) Of
The Securities Exchange Act of 1934

Date of Report: April 22, 2010

AXIS TECHNOLOGIES GROUP, INC.

(Exact Name of Registrant As Specified in Its Charter)

Delaware	000-53350	26-1326434
(State Or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2055 So. Folsom Street
Lincoln, NE 68522
(Address of Principal Executive Offices, Including Zip Code)

(402) 476-6006
(Issuer's Telephone Number, Including Area Code)

Item 1.01 Entry into a Material Definitive Agreement

On April 22, 2010, Axis Technologies Group, Inc. (the "Company"), IRC - Interstate Realty Corporation ("IRC"), and DHAB, LLC ("DHAB") entered into an Axis Joint Venture Agreement (the "JV Agreement"), thereby forming a Tennessee joint venture/general partnership between the Company and IRC. The joint venture is named the Axis Joint Venture (the "Joint Venture"). The primary purpose of the Joint Venture is to facilitate and make funds available for the Company to acquire inventory and sell such inventory to customers on a temporary basis until the contemplated equity transaction, as further described below, is completed in its entirety. This joint venture structure is being set up only to secure IRC's interest for their willingness to advance funds to Axis for inventory purchases. Specifically, IRC will advance funds to purchase inventory from manufacturers, which inventory will be delivered to customers of the Company in connection with two separate purchase orders for 12,000 units of inventory, each. Payments made by customers for the units will be deposited in a bank account from which IRC will be promptly repaid for all sums advanced by IRC for the purchase of the inventory from manufacturers and for related reasonable costs and expenses incurred by IRC. IRC will also receive a fee of $50,000 as consideration for providing or arranging for the inventory purchases. IRC will hold a security interest in the bank account, thereby securing repayment by the Company of the amounts IRC advances and is owed, pursuant to the Deposit Account Security Agreement entered into by the Company and IRC. Repayment of the amounts advanced by IRC is also secured by a first lien on all of the Company's personal property, including its inventory, pursuant to a Security Agreement entered into by IRC and the Company.

Pursuant to the JV Agreement, the Company issued DHAB an aggregate of 163,192,720 shares (the "DHAB Stock") of its common stock in return for a Promissory Note from DHAB in the principal amount of $6,000,000 and the execution by DHAB of a Stock Pledge and Security Agreement (the "DHAB Security Agreement"). The Promissory Note bears no interest and is due on July 1, 2010. If an event of default occurs under the Promissory Note, the Company's sole remedy is to exercise its rights under the DHAB Security Agreement. Pursuant to the DHAB Security Agreement, DHAB pledged to the Company a continuing security interest in the DHAB Stock as collateral for DHAB's $6,000,000 obligation to the Company under the Promissory Note. All certificates representing the DHAB Stock are to be delivered to and retained by the Company. As DHAB pays such obligation to the Company (either in the form of monies or other consideration performed by DHAB), the Company will release the equivalent number of shares of the DHAB Stock on a prorated basis as is represented by the sums so paid on a $0.04 per share basis. DHAB will not have any voting rights pertaining to the DHAB Stock, other than to shares that the Company has released as security. The JV Agreement provides that the Company will not issue or agree to issue any additional shares of its common stock prior to July 20, 2010, and IRC intends to invest in DHAB and to be a member thereof.

In connection with the JV Agreement, on April 22, 2010, the Company and its wholly-owned subsidiary, Axis Technologies, Inc., entered into an Amendment Agreement with Gemini Strategies, LLC and Gemini Master Fund, Ltd. (collectively with Gemini Strategies, LLC and individually, "Gemini"). The Amendment Agreement provides for the extension of the maturity date of the Amended and Restated 10% Senior Secured Convertible Note, restated as of December 30, 2009, with a principal amount as of such date of $1,884,097.22 (the "Gemini Note"). The maturity date of the Gemini Note is extended to July 1, 2010, provided that upon the Company receiving funds in connection with the $6,000,000 Promissory Note with DHAB, the Gemini Note is to be repaid with the proceeds from such funds. Ten percent of all proceeds received from the sale of units of the inventory to customers is also to be paid to Gemini as partial repayment of the Gemini Note. The Amendment Agreement further provides for the consent by Gemini to the transactions contemplated by the JV Agreement, and subordination of Gemini's existing lien on the Company's inventory and other collateral.

Item 3.02 Unregistered Sale of Equity Securities

As described in more detail above in Item 1.01, on April 22, 2010, the Company issued DHAB an aggregate of 163,192,720 shares of its common stock in return for a Promissory Note from DHAB in the principal amount of $6,000,000 and the execution by DHAB of a Stock Pledge and Security Agreement. The shares were issued under the exemption from registration provided by Section 4(2) of the Securities Act of 1933 and the rules and regulations promulgated thereunder. The offer and sale of the shares was made exclusively to an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D) in an offer and sale not involving a public offering. The holder of the shares purchased the securities for its own account and not with a view towards or for resale. There was no general solicitation or advertising conducted in connection with the sale of the securities.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
10.1	Axis Joint Venture Agreement
10.2	Promissory Note from DHAB, LLC
10.3	Stock Pledge and Security Agreement by DHAB, LLC in favor of the Company
10.4	Security Agreement by the Company in favor of IRC – Interstate Realty Corporation
10.5	Amendment Agreement with Gemini Strategies, LLC and Gemini Master Fund, Ltd.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

AXIS TECHNOLOGIES GROUP, INC.

Date: April 30, 2010

By: /s/ James Erickson
James Erickson
Chief Accounting Officer and
Principal Financial Officer

AXIS JOINT VENTURE AGREEMENT

THIS AXIS JOINT VENTURE AGREEMENT ("Agreement") is made as of the 22nd,day of April, 2010, ("Effective Date") by and between AXIS TECHNOLOGIES GROUP, INC. ("ATG") and AXIS TECHNOLOGIES, INC. ("AT" and collectively with ATG referred to as "AXIS") and IRC – INTERSTATE REALTY CORPORATION ("IRC"), and is joined herein by DHAB, LLC for the limited purposes set forth herein, but not as a joint venture partner with AXIS or with IRC.

RECITALS:

A. AXIS is an innovator in the field of fluorescent lighting ballasts, sometimes referred to as daylight harvesting ballasts (the "Ballasts") and is engaged in the business of designing, marketing and selling the Ballasts.

B. AXIS presently has insufficient funds available to it to accomplish the foregoing whether from equity or credit sources, and is looking for sources of short term and long term funding, as well as help in locating and marketing to customers for the Ballasts.

C. AXIS has asked IRC for assistance locating additional operating funds for short term inventory acquisition needs, and for help locating longer term working capital funding in an amount of up to $6,000,000, which longer term funding could take the form of equity investment through the purchase of common or preferred stock in ATG, or an additional credit facility, or combination thereof.

D. In return for IRC's assistance, AXIS is willing to commit to sell or transfer up to a 2/3 controlling interest in AXIS to DHAB in return for said longer term operating capital or funding.

E. AXIS and IRC have determined it is in their mutual best interests to enter into this Agreement to memoralize the foregoing and the obligations of both parties in regards thereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

"Agreement" shall mean this Joint Venture Agreement for AXIS Joint Venture, as amended or restated from time to time.

"ATG Stock" shall mean common stock of ATG.

"AXIS Contributed Inventory" means that part of the IRC Inventory already owned by AXIS as of the date hereof consisting of approximately 9500 Units which AXIS is contributing to the Joint Venture to fill the first Purchase Order described in Section 3.3.1 hereof.

"AXIS Notes" shall mean those certain promissory notes of even date executed by AXIS to evidence the obligations of AXIS to repay to IRC the sums advanced upon IRC's applications under the Letters of Credit, as well as other obligations of AXIS to IRC as described herein.

"Customer" shall mean a Person submitting a Purchase Order to AXIS for IRC Inventory which has been approved by IRC.

"DHAB" shall mean DHAB, LLC, a Tennessee limited liability company.

"DHAB Purchase Money Note" means that certain promissory note of even date in the principal amount of $6,000,000 executed by DHAB to the order of AXIS due and payable on such terms as are set forth therein.

"DHAB Stock Pledge Agreement" means that certain stock pledge agreement of even date executed by DHAB as pledgor pledging to AXIS as secured party the 163,192,720 shares of ATG Stock sold to DHAB, and containing such terms and conditions as shall be mutually agreed upon between DHAB and AXIS.

"Direct Pay Letter of Credit" shall mean a letter of credit issued by a financial institution chosen by IRC providing for the direct payment to a Manufacturer of the cost of IRC Inventory.

"Gemini" shall mean Gemini Strategies, LLC, as collateral agent for the lenders currently providing Inventory financing for AXIS.

"Inventory" shall mean all goods consisting of inventory under the UCC.

"IRC Collateral" shall mean the IRC Inventory, the accounts receivable of AXIS created by the sale of the IRC Inventory , and all other personal property of AXIS described in the IRC Security Agreement.

"IRC Inventory" shall mean the AXIS Contributed Inventory, as well as all Inventory purchased or paid for by AXIS using a source of funds provided by IRC, directly, such as by loan to AXIS, or indirectly, such as by letter of credit issued upon the application of IRC which is drawn upon to pay for IRC Inventory ordered by AXIS.

"IRC Security Agreement" shall mean that certain Security Agreement of even date herewith signed by AXIS granting to IRC a security interest in the IRC Collateral to secure the obligations of AXIS to IRC described therein.

"IRC Transaction" shall mean the execution of this Agreement, the issuance of the Letters of Credit, the contribution of the IRC Inventory by AXIS, and the purchase of additional inventory using funds provided by IRC, and the closing of the sales of IRC Inventory to Customers, and all matters ancillary and relating thereto.

"Joint Venture" shall mean the joint venture or partnership formed under this Agreement.

"Letters of Credit" shall mean all Direct Pay Letters of Credit and Standby Letters of Credit.

"Magna Account" shall mean that certain deposit account maintained by AXIS with Magna Bank, into which account all monies paid by Customers for IRC Inventory shall be directly deposited.

"Magna Bank" shall mean Magna Bank, FSB, located in Memphis, Tennessee.

"Manufacturer" shall mean any Person manufacturing IRC Inventory at the request of AXIS.

"Partner" shall mean AXIS and IRC as joint venture partners.

"Person" shall mean any natural person, corporation, partnership, limited liability company or other legal entity capable of contracting in its own name.

"Purchase Order" shall mean a contract or order submitted by a Customer to AXIS for the purchase of IRC Inventory.

"Standby Letter of Credit" shall mean any letter of credit issued by a financial institution chosen by IRC providing for the payment to a Customer of the cost of repurchase of any IRC Inventory not sold by such Customer within a period of time specified in the Standby Letter of Credit.

"State" shall mean the State of Tennessee.

"UCC" shall mean the Uniform Commercial Code as adopted by the State.

"Unit" shall mean a single Ballast.

ARTICLE II

FORMATION, NAME, ETC.

Section 2.1 **Formation.** The Joint Venture is hereby formed as a Tennessee joint venture or general partnership effective as of the Effective Date upon the terms and conditions in this Agreement.

Section 2.2 **Name**. The name of the Joint Venture is AXIS Joint Venture. All business of the Joint Venture shall be conducted under that name or under any other name adopted by the Partners.

Section 2.3 **Principal Place of Business**. The principal place of business of the Joint Venture within the State of Tennessee shall be 2620 Thousand Oaks Boulevard, Suite 4000, Memphis, TN 38118. The Joint Venture may have such other places of business and registered office as the Partners shall, from time to time, deem advisable.

Section 2.4 **Term**. The Joint Venture shall commence on the Effective Date and shall continue until terminated under this Agreement.[1]

ARTICLE III

BUSINESS OF JOINT VENTURE; OBLIGATIONS; INVENTORY FUNDING

Section 3.1 **Permitted Business**. The business of the Joint Venture shall be to facilitate, and make funds available for, the acquisition by AXIS of IRC Inventory, and to sell such IRC Inventory to Customers of AXIS, and all activities necessary, convenient or incident to the foregoing purpose.

Section 3.2 **Limitation**. The Joint Venture may engage in the specific activities set forth in Section 3.1 and any and all other lawful business activities whatsoever conducive to or expedient for the furtherance of such purposes or objectives, and the Joint Venture may exercise all powers necessary to, connected with, or incident to the accomplishment of such business purposes. The Joint Venture shall not engage in any other trade or business, or engage in any unrelated trade or business activity, and no Partner shall have any authority to hold himself out as a general agent of another Partner in this or any other business or activity.

Section 3.3 **AXIS Obligations**.

3.3.1 **First Purchase Order**. As soon as possible after the Effective Date, AXIS shall obtain a Purchase Order from a Customer (assumed to be Consolidated Electrical Distributors, Inc.) for the purchase of 12,000 Units of IRC Inventory from AXIS at a price of at least $39 per Unit, for a total purchase price of at least $468,000. After payment to a Manufacturer (assumed to be Duropower, Inc.) is made or arranged by IRC for the balance of the cost of the AXIS Contributed Inventory composing part of the said IRC Inventory (expected to be $24,180.20), AXIS shall cause such IRC Inventory to be delivered to the Customer by a shipper acceptable to IRC (ABF Freight Systems, Inc. is acceptable to IRC) and shall cause payment from the Customer to be made directly to the Magna Account. AXIS acknowledges the purchase of the aforesaid IRC Inventory by AXIS from a Manufacturer will be provided or arranged by IRC, whether through direct payment to such Manufacturer or loan to AXIS, or through a Direct Pay Letter of Credit obtained by IRC. Upon the execution of this Agreement, AXIS shall execute such documentation as is necessary to confirm the obligation of AXIS to repay IRC for the cost of said IRC Inventory, should the resale of the IRC Inventory to a Customer not occur, or should yield insufficient sales proceeds to repay IRC, as well as the obligation to repay any expenses advanced by IRC. Such documentation shall include, without limitation, a promissory note, security agreement and UCC-1 financing statements. AXIS shall cause the Customer to issue reports at least monthly on how much of the IRC Inventory has been resold by the Customer.

3.3.2 **Sale of AXIS Stock to DHAB**. Upon the execution of this Agreement, AXIS shall issue or cause to be issued 163,192,720 shares of ATG Stock to DHAB in return for the execution by DHAB of the DHAB Purchase Money Note, as well as the DHAB Stock Pledge Agreement pledging the ATG Stock as collateral for said note and appropriate stock power.

IRC has advised AXIS that IRC intends to invest in DHAB and to be a member thereof. AXIS acknowledges, understands and agrees that the issuance of the shares of ATG Stock as aforesaid, is an important and essential condition of IRC's willingness and agreement to assist in obtaining the funding for the purchase by AXIS of the IRC Inventory necessary to fill the Purchase Orders obtained by AXIS For the sale of the IRC Inventory to the Customers placing such Purchase Orders. IRC would not enter into this Agreement, and provide the funding for the purchase of the IRC Inventory, were it not for such commitment on the part of AXIS to issue the new shares of ATG Stock to DHAB.

AXIS shall agree in the DHAB Stock Pledge Agreement to release to DHAB from time to time, but at least on a quarterly basis, or as otherwise requested by DHAB, such shares of ATG Stock as have been either paid for through payments on the DHAB Purchase Money Note (based on a prorated basis according to how much of the DHAB Purchase Money Note has been paid using 4 cents per share as the release price), or have been earned through performance by DHAB or its principals in efforts to market AXIS products and grow the customer base of AXIS resulting in a reduction of the indebtedness owing under the DHAB Purchase Money Note. AXIS agrees to work in good faith with DHAB to mutually agree promptly after the execution of this Agreement upon a method of calculating how much of the ATG Stock sold to DHAB will be released from the DHAB Stock Pledge Agreement, and how much of the indebtedness evidenced by the DHAB Purchase Money Note shall be satisfied, as a result of such performance by DHAB.

3.3.3 **Second Purchase Order**. As soon as possible after the Effective Date, AXIS shall obtain a second Purchase Order from a Customer for the purchase of 12,000 Units of IRC Inventory at a price of at least $492,000. After payment is made or arranged by IRC in the same manner as with the first Purchase Order, AXIS shall cause such IRC Inventory to be delivered to the Customer by a shipper acceptable to IRC (ABF Freight Systems, Inc. is acceptable to IRC) and direct payment from the Customer directly to the Magna Account. Upon the execution of this Agreement, AXIS shall also execute similar documentation to that required by 3.3.1 to confirm the repayment obligation of AXIS to IRC.

Other than as provided herein in Section 3.3.7 hereof, and as presently agreed to with Gemini Strategies, LLC, in existing loan documents, AXIS agrees not to issue, or agree to issue, any additional shares of ATG Stock prior to July 20, 2010.

3.3.4 **Gemini Consent and Subordination**. In order for IRC to be able to provide or arrange funding for the purchase by AXIS of the IRC Inventory, prior to any funding provided or arranged by IRC, AXIS shall obtain from Gemini its consent to the IRC Inventory funding arrangement and a UCC-3 subordination of its existing lien perfected by certain UCC-1 financing statements encumbering the Inventory that will become the IRC Inventory, as well as accounts, general intangibles, proceeds and other personalty relating to the IRC Inventory.

3.3.5 **Repayment of IRC; Expenses and IRC Fee**. As sufficient proceeds are received in the Magna Account, IRC shall be promptly repaid for all sums provided, advanced or paid by IRC for purchase of the IRC Inventory, as well as for all reasonable costs and expenses advanced by IRC to AXIS, or paid or incurred by IRC to third parties to the date of disbursement in connection therewith, such expenses including, without limitation, engineering, travel, attorneys' and accountants' fees, all such payments when made to IRC to be applied in such order as IRC shall determine. In addition, as soon as sufficient funds are available IRC shall be promptly paid from the Magna Account (or directly by AXIS if there are insufficient funds in the Magna Account) all remaining sums advanced or provided by IRC, as well as a fee of $50,000 for providing or arranging the IRC Inventory purchase, such fee to be payable on demand after the funding has been provided or arranged by IRC for both the first and second Purchase Orders, and either Customers have paid for all the IRC Inventory, or accounts have been sold to a factor or other purchaser, or combination of the above.

3.3.6 **Operation of Magna Account.** AXIS shall direct all Customers to send their payments directly to the Magna Account. If any payments are sent directly to AXIS instead of the Magna Account, AXIS shall immediately deliver any funds or checks so received to Magna Bank for deposit in the Magna Account. The Magna Account shall be established requiring signatures from both AXIS and IRC in order to withdraw funds, unless AXIS and IRC otherwise mutually agree. IRC acknowledges that AXIS will require frequent access to the Magna Account and agrees to cooperate in good faith with AXIS to facilitate such access in a reasonable manner. Funds in the Magna Account shall be available for disbursement to AXIS from time to time according to a budget mutually approved by IRC and AXIS, as such budget may be modified or amended from time to time by mutual agreement of the parties. Once IRC has been repaid for all sums due hereunder, and the Letters of Credit have all been terminated, cancelled and released, the Magna Account shall be solely controlled by AXIS.

IRC acknowledges and agrees that, prior to IRC having been paid in full all sums due to be paid to IRC hereunder, 10% of the proceeds received from the sale of IRC Inventory deposited in the Magna Account may be used by AXIS to pay to Gemini at such time and in such manner as may be agreed upon between AXIS and Gemini.

3.3.7 **Additional Working Capital; Preferred Stock Issue.** At the next Shareholder's meeting the shareholders shall vote on whether or not to retire the note (its debt to DHAB) with the issuance of a second class of no par value stock issued to DHAB. This second class of stock shall be paid a coupon of 8% per annum on the actual capital raised if less than $6,000,000, to be paid quarterly. DHAB commits to vote in favor of retiring the note.

The purpose of this second class of stock shall be to hold a collateral interest in the assets of AXIS. This second class of stock shall not vote or participate in any financial upside available to other classes of stock and may not be redeemed for more than the actual capital raised plus any accrued dividends. Any proceeds realized by the sale of the collateral in excess of the actual capital raised plus any accrued dividends shall inure to the benefit of all other classes of stock.

Section 3.4 **IRC Obligations**.

3.4.1 **First Purchase Order; Letters of Credit**. Once AXIS obtains the first Purchase Order from a Customer for the purchase of 12,000 Units of IRC Inventory at a price of at least $39 per Unit for a total purchase price of at least $468,000, IRC shall obtain a Standby Letter of Credit for said sum from a financial institution of its choosing (intended to be Magna Bank) for the benefit of said Customer. In addition, IRC shall obtain a Direct Pay Letter of Credit to cover the purchase price of the AXIS Contributed Inventory composing part of the IRC Inventory necessary to fill the Purchase Order from said Customer (not to exceed $24,180.20). When the IRC Inventory has been shipped to said Customer by AXIS, the Standby Letter of Credit for $468,000 shall also be delivered to said Customer in such manner as shall be determined by IRC, as to the exact timing and coordination with the delivery of said Standby Letter of Credit and receipt of payment from said Customer for the IRC Inventory.

3.4.2 **Second Purchase Order; Letter of Credit**. Once AXIS has obtained a second Purchase Order from a Customer for the purchase of 12,000 Units of IRC Inventory at a price of at least $492,000, IRC shall arrange a Direct Pay Letter of Credit in the maximum amount of $120,000 to be issued to the Manufacturer of said IRC Inventory. IRC shall arrange another Direct Pay Letter of Credit in the maximum amount of $120,000 to be issued to said Manufacturer for the balance of the IRC Inventory order at such time as is agreed upon between IRC, AXIS and said Manufacturer. Once the IRC Inventory is shipped by a Manufacturer and necessary confirmation of such shipping with a company acceptable to IRC has been received by IRC, the Direct Pay Letters of Credit shall be drawn upon in accordance with the terms thereof and payment made to the Manufacturer.

3.4.3 **Repayment of IRC; Expenses and IRC Fee**. IRC shall provide up to the maximum sum of $45,819.80 for reasonable expenses of AXIS or IRC consisting of engineering and other items approved by IRC. IRC shall be reimbursed for any sums expended by IRC for such expenses once demand for repayment is made by IRC. IRC agrees to perform the services set forth herein, and arrange or provide the funds necessary to purchase the IRC Inventory in return for reimbursement by AXIS of the costs of the IRC Inventory as set forth in 3.3.5 above, all reasonable expenses incurred by IRC in connection therewith, including, without limitation, engineering, travel, legal and accounting fees, and a fee of $50,000 to be paid to IRC once the Customers to whom the IRC Inventory has been sold have sent their purchase price to the Magna Account, or in the alternative, once all such accounts have either been paid or have been factored or sold by AXIS, and the monies have been received by AXIS or in the Magna Account. Notwithstanding the foregoing, AXIS acknowledges that certain monies have been heretofore contributed or spent by Kevin Adams and that he shall be reimbursed either by IRC, who shall then be reimbursed by AXIS from the Magna Account, or by AXIS directly if there are insufficient funds in the Magna Account to do so.

3.4.4 **Additional Working Capital; Common Stock Issue**. In addition to the short term inventory funding needs provided by IRC, IRC also agrees to assist, or to allow a principal of IRC to assist, without any guarantee of success, DHAB in raising up to $6,000,000 of additional funding for the future working capital needs of AXIS and other purposes as described below. In consideration of AXIS' agreement to issue 163,192,720 shares of ATG Stock to DHAB, IRC has agreed to provide or arrange the funding for the IRC Inventory as aforesaid, and to assist DHAB in efforts to obtain additional working capital funding, and DHAB has agreed to execute the DHAB Purchase Money Note and DHAB Stock Pledge Agreement.

Once raised and ready for disbursement, the additional funds will be disbursed as follows: (a) such sum as is necessary to pay off or purchase the indebtedness of AXIS to Gemini, at which time if purchased by DHAB Gemini will transfer all its right, title and interest, as well as all collateral, to DHAB; and (b) the balance into Axis's operating account at Magna Bank If not previously extended, DHAB agrees to modify the note to reflect a maturity date of April 12, 2015, or such other date as may be mutually agreed upon.

AXIS understands and acknowledges that IRC is not a guarantor of success in being able to assist DHAB in its efforts to raise the additional funding for the purposes set forth above, but will assist or allow its CEO Kevin Adams to assist in such efforts.

3.5 **Conditions to IRC Transaction.**

All obligations of the parties hereto to close the IRC Transaction and perform their respective obligations hereunder, as and when required, are expressly conditioned on the fulfillment and satisfaction of the following conditions at such time and in such order as is either required herein or otherwise mutually acceptable to the parties hereto:

1. The due execution and performance of this Agreement and all other documents required hereunder by all parties hereto including, without limitation, the IRC Security Agreement and the AXIS Notes.
2. The applications by IRC for and issuance of the Letters of Credit.

3. The execution by AXIS of, and repayment of the obligations evidenced by, the promissory notes and collateral documents evidencing and securing AXIS' obligation to pay to IRC all sums provided by, or otherwise due to, IRC in connection herewith.

4. The issuance to DHAB of 163,192,720 shares of ATG Stock and execution by DHAB of the DHAB Purchase Money Note and DHAB Stock Pledge Agreement.

5. The amendment by Gemini of its UCC-1 financing statements releasing its lien on the IRC Collateral.

6. Such other documents and things as are either required hereunder, or as are reasonably required by any party hereto to properly close and consummate the provisions of this Agreement.

7. There is no default by either party hereunder, and all obligations and covenants have been complied with in all material respects as of the date any performance by either party is required hereunder.

Notwithstanding anything herein to the contrary, it is understood and agreed that the obligation of IRC to perform its obligations hereunder shall be terminated at IRC's option upon the failure of any condition herein, or AXIS' default in the performance of any of its obligations hereunder, which default or failure continues to exist after the expiration of two (2) weeks after notice from IRC to AXIS of such default or failure of condition.

ARTICLE IV

ACCOUNTING, RECORDS AND REPORTS

Proper and complete books and records of account shall be kept by the Joint Venture and shall, at all times, be maintained at the principal office of the Joint Venture. All such books and records shall be subject to inspection and copying by the Partners, or their agent or attorney. Each Partner shall have access to true and full information regarding the status of the Joint Venture's business and financial condition, and shall render, on demand, true and full information of all things affecting the Joint Venture to any other Partner.

ARTICLE V

AUTHORITY, MEETINGS OF PARTNERS

Section 5.1 **Authority of Partners.** Each Partner shall have the responsibilities set forth herein and may only exercise such powers and do such lawful acts and things as are incidental, necessary or appropriate in the implementation and completion of each such Partner's responsibilities hereunder. Except as otherwise specifically provided, the Partners shall not have authority to bind the Joint Venture, and agree not to take any action to bind the Joint Venture.

Section 5.2 **Meetings**. Meetings of the Partners may be called by any Partner by signing, dating, and delivering to the other Partner written notice or demand for a meeting describing the purpose or purposes for which it is to be held. Meetings may be held in or out of the State of Tennessee at such place and time as the Partners may mutually agree, and may take place by telephone.

Section 5.3 **Notice of Meetings**. Unless otherwise mutually agreed, written notice of the date, time, and place of each meeting and, a statement of the purpose or purposes of the meeting, shall be given to each Partner not less than two (2) days nor more than thirty (30) days before the meeting date. Notice shall be in writing and delivered by mail or private carrier. If mailed, written notice to the Partners shall be effective when mailed, if mailed postpaid and correctly addressed to the Partner's address shown in the Joint Venture's current record of Partners. If not mailed, written notice shall be effective when received. If a meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the time of adjournment.

Section 5.4 **Actions Without A Meeting**. Any action required or permitted to be taken by the Partners may be taken without a meeting by written consent signed by Partners with voting power equal to the voting power that would be required to take the same action at a meeting of the Partners at which all Partners are present. The action must be evidenced by one (1) or more instruments evidencing the waiver and consent. All instruments may be signed in counterparts.

Section 5.5 **Waiver of Notice**. A Partner may waive any notice of a meeting required by this Agreement. A waiver of notice by a Partner is effective, whether given before or after a meeting, if the notice is in writing. A Partner's attendance at a meeting is a waiver of notice of that meeting, unless the Partner objects at the beginning of the meeting (or promptly upon his arrival) to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting. The Secretary shall note the objection in the minutes of the meeting. Unless otherwise determined by the Partners, the record date for determining Partners entitled to vote shall be the date of notice of a meeting.

ARTICLE VI

DISSOLUTION AND WINDING UP

The Joint Venture shall be dissolved and its affairs wound up, upon the first to occur of the following events (which, unless the Partners agree to continue the business, shall constitute Dissolution Events):

(a) the written consent of the Partners;

(b) the sale of all of the IRC Inventory and distribution to the Partners of the proceeds of such sale in the manner set forth herein;

(c) the occurrence of any event that causes there to be only one (1) Partner; or

(d) the occurrence of any event which makes it impossible or unlawful to carry on the business of the Joint Venture.

The Partners hereby agree that, notwithstanding any provision of the Act, the Joint Venture shall not dissolve prior to the occurrence of a Dissolution Event. If it is determined, by a court of competent jurisdiction, that the Joint Venture has dissolved prior to the occurrence of a Dissolution Event, the Partners hereby agree to continue the business of the Joint Venture without a winding up or liquidation. Upon the occurrence of a Dissolution Event, the Joint Venture shall cease carrying on the Joint Venture business, except insofar as may be necessary for the winding up of its business, but the Joint Venture is not terminated, and continues until the winding up of the affairs of the Joint Venture is completed.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1 Notice.

(a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Agreement shall be in writing (the term "writing" shall include facsimile, electronic mail or other electronic transmission) and sent by (i) first class, regular, registered or certified mail; (ii) commercial delivery service; (iii) air or other overnight delivery service; (iv) facsimile, electronic mail or other electronic transmission; or (v) hand delivery, to the party to be notified addressed as follows:

If to AXIS:

Axis Technologies, Inc.
Axis Technologies Group, Inc.
2055 South Folsom Street
Lincoln, NE 68522

William H Bethell
211 Pine Street
Massapequa Park, NY 11762

If to IRC:

IRC – Interstate Realty Corporation
2620 Thousand Oaks Boulevard, Suite 4000
Memphis, TN 38118
Attn: J. Kevin Adams

(b) Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Agreement: (i) three (3) business days after the same is deposited in any official depository or receptacle of the United States Postal Service first class certified mail, return receipt requested, postage prepaid; (ii) on the next business day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; (iii) on the date of confirmed transmission when delivered by facsimile, electronic mail or other electronic transmission; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a business day (or if delivery is made after 5:00 p.m. (recipient's local time) on any business day), such notice, demand, request or communication shall be deemed to have been given and received on the next business day.

(c) Any party to this Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Agreement by providing written notice of such change of address to all of the parties by written notice as provided herein.

Section 7.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

Section 7.3 Written Agreement Required. This Agreement, any and all amendments hereto and any restated agreement of the Joint Venture shall be in writing, and all provisions of any such agreement shall be set forth in a single integrated document. For purposes of this provision, a document and all duly adopted amendments thereto shall be deemed to constitute a "single integrated document."

Section 7.4 Construction. Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Partner.

Section 7.5 Time. Time is of the essence with respect to this Agreement.

Section 7.6 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

Section 7.7 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal, invalid or unenforceable for any reason whatsoever, such illegality or invalidity shall not affect the validity, legality or unenforceability of the remainder of this Agreement which shall be modified as needed to effectuate the intent of the parties expressed herein.

Section 7.8 Additional Assurances. Each Partner, upon the request of the other Partners, agrees to perform all further acts and execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

Section 7.9 Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect by, and shall be enforceable in accordance with the internal laws of the State of Tennessee, without regard to conflicts of laws principles.

Section 7.10 **Counterpart Execution**. This Agreement may be executed in multiple counterparts, each one of which shall be deemed an original, but all of which shall be considered together as one and the same instrument. Further, in making proof of this Agreement, it shall not be necessary to produce or account for more than one (1) such counterpart. Execution by a party of a signature page hereto shall constitute due execution and shall create a valid, binding obligation of the party so signing, and it shall not be necessary or required that the signatures of all parties appear on a single signature page hereto.

Section 7.11 **Electronic Transmission**. Delivery of an executed counterpart of this Agreement or any other document, instrument notice, or communication required or permitted to be delivered pursuant to this Agreement (or executed signature pages to this Agreement or such other document, instrument notice, or communication required or permitted to be delivered pursuant to this Agreement) may be made by facsimile or other electronic transmission. Any such counterpart or signature pages sent by facsimile or other electronic transmission shall be deemed to be written and signed originals for all purposes, and copies of this Agreement or any other document, instrument notice, or communication required or permitted to be delivered pursuant to this Agreement containing one or more signature pages that have been delivered by facsimile or other electronic transmission shall constitute enforceable original documents. As used in this Agreement, the term "electronic transmission" means and refers to any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient of the communication, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 7.12 **Specific Performance**. A Partner shall be entitled to obtain (i) injunctive relief against threatened conduct that will cause the Joint Venture or such Partner loss or damage, (ii) specific performance to enforce the provisions hereof, in each case under the usual rules of law and equity, including without limitation the applicable rules for obtaining specific performance, restraining orders, and preliminary and permanent injunctions.

Section 7.13 **Arbitration**. Subject to **Section 7.12** above, any controversy, claim, or dispute arising out of or relating to this Agreement, including any alleged breach or threatened breach of the provisions contained in this Agreement shall, upon demand of a party to the controversy, claim, or dispute, be resolved by arbitration held in Memphis, Tennessee, and administered by the American Arbitration Association or any successor organization (the "**AAA**") in accordance with the Commercial Arbitration Rules of the AAA, and, to the maximum extent applicable, pursuant to the Federal Arbitration Act, 9 U.S.C. 1 *et seq*. An award rendered in any such proceeding shall be final, binding, and non-appealable, and judgment thereon may be entered in any court having competent jurisdiction. The parties shall hold an initial meeting within thirty (30) days from receipt of notice from the requesting party of a request for arbitration. Unless otherwise agreed in writing, the parties will jointly appoint a mutually acceptable arbitrator not affiliated with either party. If the parties are unable to agree upon such appointment within thirty (30) days of the initial meeting, the parties shall obtain an odd numbered list of not less than five (5) potential arbitrators from the Circuit Court of Tennessee for the Thirtieth Judicial District at Memphis or the United States District Court for the Western District of Tennessee in Memphis, Tennessee. Each party shall alternatively strike a single name from the list until only one name remains, with such person to be the arbitrator. The party requesting the arbitration shall strike the first name. Each party shall pay one-half (½) of the costs related to the arbitration, unless the arbitrator's decision provides otherwise. Each party shall bear its own costs to prepare for and participate in the arbitration. Each party shall produce at the request of the other party, at least thirty (30) days in advance of the hearing, all documents to be submitted at the hearing and such other documents as are relevant to the issues or likely to lead to relevant information. Subject to the limitations contained in this Agreement, the arbitrator may grant any remedy or relief they deem just and equitable, including any provisional and injunctive remedies available at law or in equity (in which case the party receiving such relief may apply to the court of competent jurisdiction for enforcement of such provisional or injunctive order, without prejudice to the continued arbitration of the matter); provided, however, upon the demand of any party to the controversy, claim, or dispute, the AAA may appoint a single "provisional relief" arbitrator on an expedited basis to consider any request for, and grant, such provisional or injunctive remedy; and provided further, the arbitrator shall award reasonable attorneys' fees and expenses to the prevailing party. The arbitrator shall resolve all disputes in accordance with the applicable laws of the State of Tennessee and supported by substantial evidence in the record; and the failure to apply the applicable laws of the State of Tennessee or entry of a decision that is not based on substantial evidence in the record shall be grounds for modifying or vacating an arbitration decision. The arbitrator will be knowledgeable in the subject matter of the dispute. The arbitrators will make specific, written findings of fact and conclusions of law. The arbitrators' findings of fact will be binding on all parties and will not be subject to further review.

Section 7.14 **Advice of Counsel** Each Person signing this Agreement:

(a) understands that this Agreement contains legally binding provisions;

(b) is advised, and has had the opportunity, to consult with that Person's own attorney;

(c) has either consulted with the Person's own attorney or consciously decided not to consult with the Person's own attorney; and

(d) has had the reasonable opportunity to seek the advice of and consult with its own independent legal counsel in connection this Agreement and the transactions contemplated herein and have either consulted with and obtained the advice of independent legal counsel or made the conscious decision not to consult with its own legal counsel.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have set their hand to be effective as of the date first above set forth.

Axis Technologies Group, Inc.

By: /S/
Name: Kip Hirschbach
Title: CEO

Axis Technologies, Inc.

By: /S/
Name: Jim Erickson
Title: President

IRC – Interstate Realty Corporation

By: /S/
Name: J. Kevin Adams
Title: CEO

DHAB, LLC

By: /S/
Name: J. Kevin Adams
Title: CEO

PROMISSORY NOTE

$6,000,000.00 Memphis, Tennessee April 22nd, 2010

FOR VALUE RECEIVED, on or before July 1st, 2010, the undersigned Maker ("Maker") promises to pay to the order of AXIS Technologies Group, Inc. ("Holder"), at its office at 2055 South Folsom Street, Lincoln, Nebraska 68522, or at such other place as Holder may from time to time designate, the principal sum of SIX MILLION and No/100 Dollars ($6,000,000.00).

If default occurs in the payment of any outstanding balance of the sum evidenced hereby within thirty (30) days of written notice from the Holder to Maker that such sum is due and payable, the Holder's sole remedy shall be to exercise its rights under that certain Stock Pledge and Security Agreement of even date herewith ("Pledge Agreement"). This Note is secured by 163,192,720 shares of Holder's common stock (the "ATG Stock") as set forth in said Pledge Agreement.

This Note may be prepaid in part or in full at any time. After any payment or satisfaction of debt hereunder, whether from performance by Maker in its efforts to increase the sales of Holder or as otherwise mutually agreed between Maker and Holder, Holder shall release from the lien of the Pledge Agreement at such time as Maker request the equivalent number of shares of ATG Stock on a prorated basis as are represented by the sums so paid or deemed satisfied using 4 cents per share as the release price.

The undersigned expressly waives presentment for payment, demand, protest, notice of dishonor, notice of protest and notice of non-payment of this Note and further waives all benefit of valuation, appraisement and exemption laws, and agrees that this Note, or any payment hereunder, may be extended from time to time without in any way affecting the liability of the undersigned.

In the event this Note is placed in the hands of an attorney for protection of the security, or if Holder incurs any costs incident to the protection of the security, Maker agrees to pay on demand a reasonable attorney's fee.

This Note shall be construed and enforceable in accordance with the laws of the state of Tennessee, in which state such indebtedness is incurred, and in which this Note is made and delivered.

DHAB, LLC, a Tennessee limited liability company

By: /S/ J. Kevin Adams
Name: J. Kevin Adams
Title: CEO

STOCK PLEDGE AND SECURITY AGREEMENT

THIS STOCK PLEDGE AND SECURITY AGREEMENT ("Agreement") is made as of the 22nd day of April, 2010, by DHAB, LLC, a Tennessee limited liability company (the "Pledgor" or "Borrower") in favor of AXIS TECHNOLOGIES GROUP, INC., a Delaware corporation ("AXIS").

W I T N E S S E T H:

WHEREAS, Borrower is indebted to AXIS for the sum of $6,000,000 as evidenced by that certain Promissory Note of even date herewith (the "Note"); and,

WHEREAS, the Pledgor is the owner of 163,192,720 shares of AXIS common stock (the "Stock"); and

WHEREAS, the Pledgor wishes to pledge the Stock to secure its obligations set forth in the Note.

NOW, THEREFORE, in consideration of the premises and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Pledgor hereby agrees with AXIS as follows:

1. Pledge and Grant of Security Interest. As collateral security for all of the Obligations (as defined in Section 2 hereof), the Pledgor hereby pledges and assigns to AXIS, and grants to AXIS, subject to the conditions herein contained, a continuing security interest in the following (the "Pledged Collateral"):

(a) all of the Pledgor's right, title and interest in and to the Stock and all certificate(s) representing the Stock, all options and other rights with respect thereto; and,

(b) all profits, dividends, distributions, and other compensation, and all proceeds of any and all of the foregoing.

2. Security for Obligations. The security interest created hereby in the Pledged Collateral constitutes continuing collateral security for all obligations contained in the Note (the "Obligations").

3. Delivery of the Pledged Collateral; Release of Stock. (a) All certificates representing the interest of the Pledgor in the Stock shall be delivered to or retained by AXIS upon the execution and delivery of this Agreement. All such certificates shall be held by or on behalf of AXIS pursuant hereto and shall be delivered in suitable form for transfer by delivery and accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance acceptable to AXIS.

(b) Prior to an Event of Default as hereinafter described, if the Pledgor shall receive, by virtue of its being or having been an owner of any Pledged Collateral, any (i) stock certificate representing distribution or transfer in connection with any increase or reduction of cash funds, reclassification, merger, consolidation, sale of assets, or termination of the Stock or other instrument; (ii) option or right whether as an addition to, substitution for, or in exchange for, any Pledged Collateral, or otherwise; (iii) distributions payable in cash (other than cash dividends payable prior to an Event of Default) or in securities or other property; or (iv) dividends or other distributions in connection with a partial or total termination or dissolution or in connection with a reduction of cash funds, the Pledgor shall receive such stock, certificate, instrument, option, right, payment or distribution in trust for the benefit of AXIS, shall segregate it from the Pledgor's other property and shall deliver it forthwith to AXIS in the exact form received, with any necessary endorsement and/or appropriate powers duly executed in blank, to be held by AXIS as Pledged Collateral and as further collateral security for the Obligations.

(c) As the Obligations evidenced by the Note are paid, or deemed satisfied by mutual agreement of the Pledgor and AXIS, AXIS shall release from the lien of this Agreement, and promptly return to the Pledgor at such time as the Pledgor request the equivalent number of shares of the Stock on a prorated basis as are represented by the sums so paid or deemed satisfied.

4. Representations and Warranties. The Pledgor represents and warrants as follows:

(a) The Pledgor is the legal and beneficial owner of the Pledged Collateral free and clear of any lien, security interest or other charge or encumbrance created by the Pledgor except for the security interest created by this Agreement.

(b) The execution of this Agreement has been duly authorized by the Pledgor.

5. Covenants as to the Pledged Collateral. So long as any of the Obligations shall remain outstanding, the Pledgor will, as to any of the Stock not returned to the Pledgor, unless AXIS shall otherwise consent in writing:

(a) not sell, assign, exchange or otherwise dispose of any of the Pledged Collateral or any interest therein;

(b) not create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Pledged Collateral except for the security interest created hereby;

(c) not make or consent to any amendment or other modification or waiver with respect to any of the Pledged Collateral or enter into any agreement or permit to exist any restriction with respect to any of the Pledged Collateral;

(d) not vote any shares of Stock which the Pledgor may at any time own in the Company in favor of any recapitalization plan or proposal which would or might materially affect the value of the stock;

(e) not take or fail to take any action which would in any manner impair the value or enforceability of AXIS's security interest in the Pledged Collateral.

6. Voting Rights, Dividends, Etc. in Respect of the Pledged Collateral. (a) Prior to the occurrence of an Event of Default (as defined in Section 8 hereof):

(i) Until the Note has been paid in full, the Pledgor may not exercise any voting and other consensual rights pertaining to the Pledged Collateral other than as to any of the Stock fully paid for and released from the lien hereof;

(ii) Until the Stock, or any portion thereof, is paid for and released from this Agreement, the Pledgor may not receive and retain any distributions or dividends paid in respect of the Pledged Collateral. Any and all (A) dividends paid or payable other than in cash in respect of, and instruments or other property received, receivable or otherwise distributed in respect of or in exchange for, any Pledged Collateral, (B) distributions or other transfers paid or payable in cash in respect of any Pledged Collateral in connection with a partial or total dissolution or termination or in connection with a reduction of capital, capital surplus or cash funds, and (C) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Pledged Collateral, shall be Pledged Collateral and shall, if received by the Pledgor, be received in trust for the benefit of AXIS, shall be segregated from the other property or funds of the Pledgor, and shall be forthwith delivered to AXIS in the exact form received with any necessary endorsement and/or appropriate powers duly executed in blank, to be held by AXIS as Pledged Collateral and as security for the Obligations.

(b) Upon the occurrence of an Event of Default (as defined in Section 8 hereof):

(i) all rights of the Pledgor, if any, to exercise the voting and other consensual rights which it would otherwise be entitled to exercise and to receive dividends, cash or any other distributions or transfers of any type, which it would otherwise be authorized to receive and retain, pursuant to subsection (a) of this Section 6 shall cease, and all such rights shall thereupon become vested in AXIS which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive and retain such dividends, cash or any other distributions or transfers of any type, (and the Pledgor covenants and agrees thereupon, if applicable and requested by AXIS, to deliver to AXIS irrevocable proxies with respect to the Pledged Collateral in confirmation of AXIS's rights hereunder);

(ii) all dividends, cash or any other distributions or transfers of any type, which are received by the Pledgor contrary to the provisions of this Section 6(b) shall be received in trust for the benefit of AXIS, shall be segregated from other funds of the Pledgor, and shall be forthwith paid over to AXIS in the exact form received.

7. Additional Provisions Concerning the Pledged Collateral. (a) The Pledgor hereby agrees to take any action and to execute any instruments which may be necessary or advisable to accomplish the purposes of this Agreement.

(b) If the Pledgor fails to perform any agreement or obligation contained herein, AXIS itself may perform, or cause performance of, such agreement or obligation.

(c) AXIS shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which AXIS accords its own property, it being understood that AXIS shall not have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Pledged Collateral, whether or not AXIS has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Pledged Collateral.

8. Events of Default. An Event of Default shall be deemed to have occurred hereunder upon the occurrence of a default in the full payment within thirty (30) days after written notice from AXIS that the Obligations are due.

9. Remedies Upon Default. Upon the occurrence of an Event of Default AXIS's sole remedy shall be to retain such portion of the Pledged Collateral which has not been released to the Pledgor in full satisfaction of the outstanding balance of the Obligations.

10. Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be mailed, certified mail, return receipt requested, or delivered, if to the Pledgor, to it at 100 Peabody Place, Suite 1200, Memphis, TN 38103, if to AXIS, to it at 2055 South Folsom Street, Lincoln, NE 68522; or as to either such person at such other address as shall be designated by such person in a written notice to such other person complying as to delivery with the terms of this Section 10. All such notices and other communications shall be effective (i) if mailed, when received or three business days after mailing, whichever is earlier; or (ii) if delivered, upon delivery.

11. Miscellaneous. (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Pledgor therefrom, shall in any event be effective unless the same shall be in writing and signed by AXIS and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of AXIS to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. AXIS's rights and remedies provided herein, and in any other instrument or document now or hereafter evidencing or securing all or any part of the Obligations are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

(c) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(d) This Agreement shall be binding on the Pledgor and Borrower and its successors and permitted assigns and shall inure, together with all rights and remedies of AXIS hereunder, to the benefit of AXIS and its successors, transferees and assigns. Without limiting the generality of the foregoing, AXIS may not assign or otherwise transfer all or part of its rights to all or any part of the Obligations to any other person or entity.

(e) Upon payment and satisfaction in full of the Obligations, this Agreement and the security interest created hereby shall terminate and all rights to the Pledged Collateral shall revert to the Pledgor. AXIS will thereupon, at Pledgor's request and expense, (i) return to the Pledgor (or other party lawfully entitled thereto) such of the Pledged Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof; and (ii) execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

(g) The captions or headings of the Sections of this Agreement are inserted merely for convenience of reference and shall not be deemed to limit or modify the terms and provisions hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Pledgor and Borrower have executed this Agreement as of the date first above written.

"Pledgor:"

DHAB, LLC

By: /S/ J. Kevin Adams
Name: J. Kevin Adams
Title: CEO

"AXIS"

AXIS Technologies Group, Inc.

By: /S/ Kip Hirschbach
Name: Kip Hirschbach
Title: CEO

SECURITY AGREEMENT
(Axis)

THIS SECURITY AGREEMENT dated the 22nd day of April, 2010, by and between IRC – Interstate Realty Corporation, a Tennessee corporation, whose address is 2620 Thousand Oaks Boulevard, Suite 4000, Memphis, TN 38118 (hereinafter collectively called "Secured Party") and Axis Technologies, Inc. and Axis Technologies Group, Inc., both Delaware corporations, whose address is 2055 South Folsom Street, Lincoln, NE 68522 (hereinafter collectively called "Debtor" or "Pledgor").

W I T N E S S E T H:

1. Security Interest. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor assigns and grants to Secured Party a security interest in and lien upon the Collateral (hereinafter defined) to secure the payment and the performance of the Obligations (hereinafter defined).

2. Collateral. A security interest is hereby granted in all of Debtor's personal property, whether presently or hereafter owned (the "Collateral") including, without limitation, the following:

A. Types of Collateral:

i. Certain Inventory. Any and all of Debtor's goods held as inventory including, without limitation, all inventory acquired with funds loaned or provided by Secured Party for Debtor, whether due to draws under letters of credit issued at the application of Secured Party upon Debtor's or a letter of credit beneficiary's request to fund payment for inventory, as well as certain inventory already owned by Debtor acquired with other funds, all as more specifically described on Exhibit A, whether now owned or hereafter acquired, including without limitation, any and all such goods held for sale or lease or being processed for sale or lease in Debtor's business, as now or hereafter conducted, including all materials, goods and work in process, finished goods and other tangible property held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in Debtor's business, along with all documents (including documents of title) covering such inventory. All of the aforesaid inventory acquired with funds loaned, provided or arranged by Secured Party shall hereinafter be collectively referred to as the "IRC Inventory".

ii. Accounts. Any and all accounts and other rights of Debtor to the payment of money including, without limitation, all accounts resulting from the sale of the IRC Inventory, whether or not earned by performance.

iii. Instruments, Investment Documents, and/or Documents. Any and all of Debtor's instruments, investment documents, documents or other writings of any type, which evidence a right to the payment of money including, without limitation, all of the foregoing relating to, or resulting from the sale of, the IRC Inventory, and which are of a type that is transferred in the ordinary course of business by delivery with any necessary endorsement or assignment, whether now owned or hereafter acquired, including, without limitation, negotiable instruments, promissory notes, and documents of title owned or to be owned by Debtor, certificates of deposit, and all liens on real or personal property, security agreements, leases and other contracts securing or otherwise relating to any of said instruments or documents, but only insofar as the foregoing relate to or arise from the aforesaid inventory.

iv. **General Intangibles; Intellectual Property.** Any and all of Debtor's general intangible property including, without limitation, the general intangibles relating to the IRC Inventory, licenses, computer software development rights, intellectual property, trademarks, patents and copyrights.

v. **Supporting Obligations.** Any and all supporting obligations that support payment or performance of an account, chattel paper, documents, general intangibles, instruments, or investment property including, without limitation, letter-of-credit rights and guaranties.

B. **Substitutions, Proceeds and Related Items**. Any and all substitutes and replacements for, accessions, attachments and other additions to, and all cash or non-cash proceeds and products of, the Collateral (including, without limitation, all income, benefits and property receivable, received or distributed which results from any of the Collateral, and insurance distributions of any kind related to the Collateral, including, without limitation, returned premiums, interest, premium and principal payments); any and all choses in action and causes of action of Debtor, whether now existing or hereafter arising, relating directly or indirectly to the Collateral (whether arising in contract, tort or otherwise and whether or not currently in litigation); all warranties, wrapping, packaging, advertising and shipping materials used or to be used in connection with or related to the Collateral; all of Debtor's books, records, data, plans, manuals, computer software, computer tapes, computer systems, computer disks, computer programs, source codes and object codes containing any information, pertaining directly or indirectly to the Collateral and all rights of Debtor to retrieve data and other information pertaining directly or indirectly to the Collateral from third parties, whether now existing or hereafter arising; and all returned, refused, stopped in transit, or repossessed Collateral, any of which, if received by Debtor, upon request shall be delivered immediately to Secured Party.

C. **Deposit Accounts.** All deposit accounts of Debtor maintained with Magna Bank, now or hereafter existing, liquidated or unliquidated.

3. **Description of Obligation(s).** The following obligations ("Obligation" or "Obligations") are secured by this Agreement: (a) All debts, obligations, liabilities and agreements of Debtor to Secured Party, now or hereafter existing, arising directly or indirectly between Debtor and Secured Party whether absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, and all renewals, extensions or rearrangement of any of the above; (b) All costs incurred by Secured Party to obtain, preserve, perfect and enforce this Agreement and maintain, preserve, collect and realize upon the Collateral; (c) All other costs and attorney's fees incurred by Secured Party, in connection with the Joint Venture Agreement between Secured party and Debtor of even date herewith, together with interest at the maximum rate allowed by law if not paid within ten (10) days after demand is made for the payment of same.

4. **Debtor's Warranties.** Debtor hereby represents and warrants to Secured Party as follows:

A. **Financing Statements.** Except for UCC-1 financing statements filed on behalf of **Gemini Strategies, LLC** ("Gemini") which Debtor has obtained a release of the Collateral from, as well as any accounts resulting from the sale of any IRC Inventory approved by Secured Party from time to time, no financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to this security interest, and no security interest, other than the one herein created, and the one granted to Gemini which has been released, has attached or been perfected in the Collateral or any part thereof.

B. Ownership. Other than as granted to or held by Gemini which has released its lien on the Collateral, Debtor owns the Collateral free from any setoff, claim, restriction, lien, security interest or encumbrance except liens for taxes not yet due and the security interest hereunder.

C. Fixtures and Accessions. None of the Collateral is affixed to real estate or is an accession to any goods, or will become a fixture or accession, except as expressly set out herein.

D. Claims of Debtors on the Collateral. All account debtors and other obligors whose debts or obligations are part of the Collateral have no right to setoffs, counterclaims or adjustments, and no defenses in connection therewith.

E. Environmental Compliance. The conduct of Debtor's business operations and the condition of Debtor's property does not and will not violate any federal laws, rules or ordinances for environmental protection, regulations of the Environmental Protection Agency and any applicable local or state law, rule, regulation or rule of common law and any judicial interpretation thereof relating primarily to the environment or any materials defined as hazardous materials or substances under any local, state or federal environmental laws, rules or regulations, and petroleum, petroleum products, oil and asbestos ("Hazardous Materials").

F. Power and Authority. Debtor has full power and authority to make this Agreement, and all necessary consents and approvals of any persons, entities, governmental or regulatory authorities and securities exchanges have been obtained to effectuate the validity of this Agreement.

G. State of Incorporation and Name of Debtor. Debtor's state of organization is Delaware (if Debtor is not an entity organized or incorporated pursuant to state law: Debtor's principal residence if an individual; otherwise Debtor's principal place of business); and Debtor's exact legal name is as set forth in the first paragraph of this Agreement.

5. Debtor's Covenants. Until full payment and performance of all of the Obligations, unless Secured Party otherwise consents in writing:

A. Obligation and This Agreement. Debtor shall perform all of its agreements herein and in any other agreements between it and Secured Party.

B. Ownership and Maintenance of the Collateral. Debtor shall keep all tangible Collateral in good condition. Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein adverse to Secured Party. Debtor shall keep the Collateral free from all liens and security interests except those for taxes not yet due and the security interest hereby created.

C. Insurance. Debtor shall insure the Collateral with companies acceptable to Secured Party. Such insurance shall be in an amount not less than the fair market value of the Collateral and shall be against such casualties, with such deductible amounts as Secured Party shall approve. All insurance policies shall be written for the benefit of Debtor and Secured Party as their interests may appear, payable to Secured Party as loss payee, or in other form satisfactory to Secured Party, and such policies or certificates evidencing the same shall be furnished to Secured Party. All policies of insurance shall provide for written notice to Secured Party at least thirty (30) days prior to cancellation. Risk of loss or damage is Debtor's to the extent of any deficiency in any effective insurance coverage.

D. Secured Party's Costs. Debtor shall pay all costs necessary to obtain, preserve, perfect, defend and enforce the security interest created by this Agreement, collect the Obligation, and preserve, defend, enforce and collect the Collateral, including but not limited to taxes, assessments, insurance premiums, repairs, rent, storage costs and expenses of sales, legal expenses, reasonable attorney's fees and other fees or expenses for which Debtor is obligated to reimburse Secured Party in accordance with the terms of the Documents. Whether the Collateral is or is not in Secured Party's possession, and without any obligation to do so and without waiving Debtor's default for failure to make any such payment, Secured Party at its option may pay any such costs and expenses, discharge encumbrances on the Collateral, and pay for insurance of the Collateral, and such payments shall be a part of the Obligation and bear interest at the rate set out in the Obligation. Debtor agrees to reimburse Secured Party on demand for any costs so incurred.

E. Information and Inspection. Debtor shall (i) promptly furnish Secured Party any information with respect to the Collateral requested by Secured Party; (ii) allow Secured Party or its representatives to inspect the Collateral, at any time and wherever located, and to inspect and copy, or furnish Secured Party or its representatives with copies of, all records relating to the Collateral and the Obligation; (iii) promptly furnish Secured Party or its representatives such information as Secured Party may request to identify the Collateral, at the time and in the form requested by Secured Party; and (iv) deliver upon request to Secured Party shipping and delivery receipts evidencing the shipment of goods and invoices evidencing the receipt of, and the payment for, the Collateral.

F. Additional Documents. Debtor shall sign and deliver any papers deemed necessary or desirable in the judgment of Secured Party to obtain, maintain, and perfect the security interest hereunder and to enable Secured Party to comply with any federal or state law in order to obtain or perfect Secured Party's interest in the Collateral or to obtain proceeds of the Collateral.

G. Parties Liable on the Collateral. Debtor shall preserve the liability of all obligors on any Collateral, shall preserve the priority of all security therefor. Secured Party shall have no duty to preserve such liability or security, but may do so at the expense of Debtor, without waiving Debtor's default.

H. Records of the Collateral. Debtor at all times shall maintain accurate books and records covering the Collateral. Debtor immediately will mark all books and records with an entry showing the absolute assignment of all Collateral to Secured Party, and Secured Party is hereby given the right to audit the books and records of Debtor relating to the Collateral at any time and from time to time. The amounts shown as owed to Debtor on Debtor's books and on any assignment schedule will be the undisputed amounts owing and unpaid.

I. Disposition of the Collateral. If disposition of any Collateral gives rise to an account, chattel paper or instrument, Debtor immediately shall notify Secured Party, and upon request of Secured Party shall assign or indorse the same to Secured Party. No Collateral may be sold, leased, licensed, manufactured, processed or otherwise disposed of by Debtor in any manner without the prior written consent of Secured Party, except the Collateral sold, leased, licensed, manufactured, processed or consumed in the ordinary course of business.

J. Accounts. Each account held as Collateral will represent the valid and legally enforceable obligation of third parties and shall not be evidenced by any instrument or chattel paper.

K. Notice/Location of the Collateral. Debtor shall give Secured Party written notice of each office of Debtor in which records of Debtor pertaining to accounts held as Collateral are kept, and each location at which any of the Collateral is or will be kept, and of any change of any such location. If no such notice is given, all records of Debtor pertaining to the Collateral and all Collateral of Debtor are and shall be kept at the address marked by Debtor above.

L. Change of Name/Status and Notice of Changes. Without the written consent of Secured Party, Debtor shall not change its name, change its corporate or organizational status, change its state of organization, use any trade name or engage in any business not reasonably related to its business as presently conducted. Debtor shall notify Secured Party immediately of (i) any material change in the Collateral, (ii) a change in Debtor's residence or location, (iii) a change in any matter warranted or represented by Debtor in this Agreement, or in any of the Documents or furnished to Secured Party pursuant to this Agreement, and (iv) the occurrence of an Event of Default (hereinafter defined).

M. Use and Removal of the Collateral. Debtor shall not use the Collateral illegally. Debtor shall not, unless previously indicated as a fixture, permit the Collateral to be affixed to real or personal property without the prior written consent of Secured Party. Debtor shall not permit any of the Collateral to be removed from the locations specified herein without the prior written consent of Secured Party, except for the sale of inventory in the ordinary course of business.

N. Possession of the Collateral. Where Collateral is in the possession of a third party, Debtor will join with Secured Party in notifying the third party of the Secured Party’s security interest and lien in obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Secured Party and subject to the terms set forth herein. Debtor shall also cooperate with Secured Party in obtaining control of any Collateral

O. Power of Attorney. Debtor appoints Secured Party and any officer thereof as Debtor's attorney-in-fact with full power in Debtor's name and behalf to do every act which Debtor is obligated to do or may be required to do hereunder; however, nothing in this paragraph shall be construed to obligate Secured Party to take any action hereunder nor shall Secured Party be liable to Debtor for failure to take any action hereunder. This appointment shall be deemed a power coupled with an interest and shall not be terminable as long as the Obligation is outstanding and shall not terminate on the disability or incompetence of Debtor.

P. Waivers by Debtor. Debtor waives notice of the creation, advance, increase, existence, extension or renewal of, and of any indulgence with respect to, the Obligation; waives presentment, demand, notice of dishonor, and protest; waives notice of the amount of the Obligation outstanding at any time, notice of any change in financial condition of any person liable for the Obligation or any part thereof, notice of any Event of Default, and all other notices respecting the Obligation; and agrees that maturity of the Obligation and any part thereof may be accelerated, extended or renewed one or more times by Secured Party in its discretion, without notice to Debtor. Debtor waives any right to require that any action be brought against any other person or to require that resort be had to any other security or to any balance of any deposit account. Debtor further waives any right of subrogation or to enforce any right of action against any other Debtor until the Obligation is paid in full.

Q. Other Parties and Other Collateral. No renewal or extension of or any other indulgence with respect to the Obligation or any part thereof, no release of any security, no release of any person (including any maker, indorser, guarantor or surety) liable on the Obligation, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligation or any security therefor or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Secured Party under the law, hereunder, or under any other agreement pertaining to the Collateral. Secured Party need not file suit or assert a claim for personal judgment against any person for any part of the Obligation or seek to realize upon any other security for the Obligation, before foreclosing or otherwise realizing upon the Collateral. Debtor waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that Secured Party shall have no duty or obligation to Debtor to apply to the Obligation any such other security or proceeds thereof.

R. Compliance with State and Federal Laws. Debtor will maintain its existence, good standing and qualification to do business, where required, and comply with all laws, regulations and governmental requirements, including without limitation, environmental laws applicable to it or any of its property, business operations and transactions.

6. Rights and Powers of Secured Party.

A. General. Secured Party, before or after default, without liability to Debtor may obtain from any person information regarding Debtor or Debtor's business, which information any such person also may furnish without liability to Debtor. Secured Party, after default, without liability to Debtor may: require Debtor to give possession or control of any Collateral to Secured Party; indorse as Debtor's agent any instruments, documents or chattel paper in the Collateral or representing proceeds of the Collateral; contact account debtors directly to verify information furnished by Debtor; take control of proceeds, including stock received as dividends or by reason of stock splits; release the Collateral in its possession to any Debtor, temporarily or otherwise; require additional Collateral; reject as unsatisfactory any property hereafter offered by Debtor as Collateral; set standards from time to time to govern what may be used as after acquired Collateral; designate, from time to time, a certain percent of the Collateral as the loan value and require Debtor to maintain the Obligation at or below such figure; take control of funds generated by the Collateral, such as cash dividends, interest and proceeds or refunds from insurance, and use same to reduce any part of the Obligation and exercise all other rights which an owner of such Collateral may exercise, except the right to vote or dispose of the Collateral before an Event of Default; at any time transfer any of the Collateral or evidence thereof into its own name or that of its nominee; and demand, collect, convert, redeem, receipt for, settle, compromise, adjust, sue for, foreclose or realize upon the Collateral, in its own name or in the name of Debtor, as Secured Party may determine. Secured Party shall not be liable for failure to collect any account or instruments, or for any act or omission on the part of Secured Party, its officers, agents or employees, except for its or their own willful misconduct or gross negligence. The foregoing rights and powers of Secured Party will be in addition to, and not a limitation upon, any rights and powers of Secured Party given by law, elsewhere in this Agreement, or otherwise. If Debtor fails to maintain any required insurance, to the extent permitted by applicable law Secured Party may (but is not obligated to) purchase single interest insurance coverage for the Collateral which insurance may at Secured Party's option (i) protect only Secured Party and not provide any remuneration or protection for Debtor directly and (ii) provide coverage only after the Obligation has been declared due as herein provided. The premiums for any such insurance purchased by Secured Party shall be a part of the Obligation and shall bear interest as provided in 3(e) hereof.

B. Convertible Collateral. Secured Party may present for conversion any Collateral which is convertible into any other instrument or investment security or a combination thereof with cash, but Secured Party shall not have any duty to present for conversion any Collateral unless it shall have received from Debtor detailed written instructions to that effect at a time reasonably far in advance of the final conversion date to make such conversion possible.

C. Financing Statements. Debtor hereby authorizes Secured Party to file financing statements, continuation statements, amendments or assignments in any jurisdiction Secured Party deems appropriate to protect Secured Party's security interest and lien in the Collateral including, but not limited to, notice filing in jurisdictions other than Debtor's principal place of business or state of organization.

7. Default.

A. Event of Default. An event of default ("Event of Default") shall occur if: (i) there is a loss, theft, damage or destruction of any material portion of the Collateral for which there is no insurance coverage or for which, in the opinion of Secured Party, there is insufficient insurance coverage; (ii) Debtor or any other obligor on all or part of the Obligation shall fail to timely and properly pay or observe, keep or perform any term, covenant, agreement or condition in this Agreement or in any other agreement between Debtor and Secured Party or between Secured Party and any other obligor on the Obligation, including, but not limited to, any other note or instrument, loan agreement, security agreement, deed of trust, mortgage, promissory note, guaranty, certificate, assignment, instrument, document or other agreement concerning or related to the Obligation (collectively, the " Documents"); (iii) Debtor or such other obligor shall fail to timely and properly pay or observe, keep or perform any term, covenant, agreement or condition in any agreement between such party and any affiliate or subsidiary of Secured Party; (iv) Debtor or such other obligor shall fail to timely and properly pay or observe, keep or perform any term, covenant, agreement or condition in any lease agreement between such party and any lessor pertaining to premises at which any Collateral is located or stored; or (v) Debtor or such other obligor abandons any leased premises at which the Collateral is located or stored and the Collateral is either moved without the prior written consent of Secured Party or the Collateral remains at the abandoned premises.

B. Rights and Remedies. If any Event of Default shall occur, then, in each and every such case, Secured Party may, without presentment, demand, or protest; notice of default, dishonor, demand, non-payment, or protest; notice of intent to accelerate all or any part of the Obligation; notice of acceleration of all or any part of the Obligation; or notice of any other kind, all of which Debtor hereby expressly waives, (except for any notice required under this Agreement, any other Document or applicable law); at any time thereafter exercise and/or enforce any of the following rights and remedies at Secured Party's option:

i. Acceleration. The Obligation shall, at Secured Party's option, become immediately due and payable, and the obligation, if any, of Secured Party to permit further borrowings under the Obligation shall at Secured Party's option immediately cease and terminate.

ii. Possession and Collection of the Collateral. At its option: (a) take possession or control of, store, lease, operate, manage, sell, or instruct any agent or broker to sell or otherwise dispose of, all or any part of the Collateral; (b) notify all parties under any account or contract right forming all or any part of the Collateral to make any payments otherwise due to Debtor directly to Secured Party; (c) in Secured Party's own name, or in the name of Debtor, demand, collect, receive, sue for, and give receipts and releases for, any and all amounts due under such accounts and contract rights; (d) indorse as the agent of Debtor any check, note, chattel paper, documents, or instruments forming all or any part of the Collateral; (e) make formal application for transfer to Secured Party (or to any assignee of Secured Party or to any purchaser of any of the Collateral) of all of Debtor's permits, licenses, approvals, agreements, and the like relating to the Collateral or to Debtor's business; (f) take any other action which Secured Party deems necessary or desirable to protect and realize upon its security interest in the Collateral; and (g) in addition to the foregoing, and not in substitution therefor, exercise any one or more of the rights and remedies exercisable by Secured Party under any other provision of this Agreement, under any of the other Documents, or as provided by applicable law (including, without limitation, the Uniform Commercial Code as in effect in Tennessee (hereinafter referred to as the "UCC")). In taking possession of the Collateral Secured Party may enter Debtor's premises and otherwise proceed without legal process, if this can be done without breach of the peace. Debtor shall, upon Secured Party's demand, promptly make the Collateral or other security available to Secured Party at a place designated by Secured Party, which place shall be reasonably convenient to both parties.

Secured Party shall not be liable for, nor be prejudiced by, any loss, depreciation or other damages to the Collateral, unless caused by Secured Party's willful and malicious act. Secured Party shall have no duty to take any action to preserve or collect the Collateral.

iii. Receiver. Obtain the appointment of a receiver for all or any of the Collateral, Debtor hereby consenting to the appointment of such a receiver and agreeing not to oppose any such appointment.

iv. Right of Set Off. Without notice or demand to Debtor, set off and apply against any and all of the Obligation any and all deposits (general or special, time or demand, provisional or final) and any other indebtedness, at any time held or owing by Secured Party or any of Secured Party's agents or affiliates to or for the credit of the account of Debtor or any guarantor or indorser of Debtor's Obligation.

Secured Party shall be entitled to immediate possession of all books and records evidencing any Collateral or pertaining to chattel paper covered by this Agreement and it or its representatives shall have the authority to enter upon any premises upon which any of the same, or any Collateral, may be situated and remove the same therefrom without liability. Secured Party may surrender any insurance policies in the Collateral and receive the unearned premium thereon. Debtor shall be entitled to any surplus and shall be liable to Secured Party for any deficiency. The proceeds of any disposition after default available to satisfy the Obligation shall be applied to the Obligation in such order and in such manner as Secured Party in its discretion shall decide.

Debtor specifically understands and agrees that any sale by Secured Party of all or part of the Collateral pursuant to the terms of this Agreement may be effected by Secured Party at times and in manners which could result in the proceeds of such sale as being significantly and materially less than might have been received if such sale had occurred at different times or in different manners, and Debtor hereby releases Secured Party and its officers and representatives from and against any and all obligations and liabilities arising out of or related to the timing or manner of any such sale.

If, in the opinion of Secured Party, there is any question that a public sale or distribution of any Collateral will violate any state or federal securities law, Secured Party may offer and sell such Collateral in a transaction exempt from registration under federal securities law, and any such sale made in good faith by Secured Party shall be deemed "commercially reasonable".

8. General.

A. Parties Bound. Secured Party's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by Secured Party of any of the Obligation or the Collateral, Secured Party thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but Secured Party shall retain all rights and powers hereby given with respect to any of the Obligation or the Collateral not so assigned or transferred. All representations, warranties and agreements of Debtor if more than one are joint and several and all shall be binding upon the personal representatives, heirs, successors and assigns of Debtor.

B. Waiver. No delay of Secured Party in exercising any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by Secured Party of any right hereunder or of any default by Debtor shall be binding upon Secured Party unless in writing, and no failure by Secured Party to exercise any power or right hereunder or waiver of any default by Debtor shall operate as a waiver of any other or further exercise of such right or power or of any further default. Each right, power and remedy of Secured Party as provided for herein or in any of the Documents, or which shall now or hereafter exist at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by Secured Party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by Secured Party of any or all other such rights, powers or remedies.

C. Agreement Continuing. This Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, whether or not of the character contemplated at the date of this Agreement, and if all transactions between Secured Party and Debtor shall be closed at any time, shall be equally applicable to any new transactions thereafter. Provisions of this Agreement, unless by their terms exclusive, shall be in addition to other agreements between the parties. Time is of the essence of this Agreement.

D. Definitions. Unless the context indicates otherwise, definitions in the UCC apply to words and phrases in this Agreement; if UCC definitions conflict, Article 9 definitions apply.

E. Notices. Notice shall be deemed reasonable if mailed postage prepaid at least five (5) days before the related action (or if the UCC elsewhere specifies a longer period, such longer period) to the address of Debtor given above, or to such other address as any party may designate by written notice to the other party. Each notice, request and demand shall be deemed given or made, if sent by mail, upon the earlier of the date of receipt or five (5) days after deposit in the U.S. Mail, first class postage prepaid, or if sent by any other means, upon delivery.

F. Modifications. No provision hereof shall be modified or limited except by a written agreement expressly referring hereto and to the provisions so modified or limited and signed by Debtor and Secured Party. The provisions of the Agreement shall not be modified or limited by course of conduct or usage of trade.

G. Applicable Law and Partial Invalidity. This Agreement has been delivered in the State of Tennessee and shall be construed in accordance with the laws of that State. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement. The invalidity or unenforceability of any provision of any Document to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

H. Financing Statement. To the extent permitted by applicable law, a carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral shall be sufficient as a financing statement.

I. Arbitration. ANY CONTROVERSY OR CLAIM BETWEEN OR AMONG THE PARTIES HERETO INCLUDING BUT NOT LIMITED TO THOSE ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED AGREEMENTS OR INSTRUMENTS, INCLUDING ANY CLAIM BASED ON OR ARISING FROM AN ALLEGED TORT, SHALL BE DETERMINED BY BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT (OR IF NOT APPLICABLE, THE APPLICABLE STATE LAW), THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OF JUDICIAL ARBITRATION AND MEDIATION SERVICES, INC. (J.A.M.S.), AND THE "SPECIAL RULES" SET FORTH BELOW. IN THE EVENT OF ANY INCONSISTENCY, THE SPECIAL RULES SHALL CONTROL. JUDGMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. ANY PARTY TO THIS AGREEMENT MAY BRING AN ACTION, INCLUDING A SUMMARY OR EXPEDITED PROCEEDING, TO COMPEL ARBITRATION OF ANY CONTROVERSY OR CLAIM TO WHICH THIS AGREEMENT APPLIES IN ANY COURT HAVING JURISDICTION OVER SUCH ACTION.

A. SPECIAL RULES. THE ARBITRATION SHALL BE CONDUCTED IN JACKSON, MISSISSIPPI AND ADMINISTERED BY J.A.M.S. WHO WILL APPOINT AN ARBITRATOR; IF J.A.M.S. IS UNABLE OR LEGALLY PRECLUDED FROM ADMINISTERING THE ARBITRATION, THEN THE AMERICAN ARBITRATION ASSOCIATION WILL SERVE. ALL ARBITRATION HEARINGS WILL BE COMMENCED WITHIN 90 DAYS OF THE DEMAND FOR ARBITRATION; FURTHER, THE ARBITRATOR SHALL ONLY, UPON A SHOWING OF CAUSE, BE PERMITTED TO EXTEND THE COMMENCEMENT OF SUCH HEARING FOR UP TO AN ADDITIONAL 60 DAYS.

B. RESERVATION OF RIGHTS. NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO (1) LIMIT THE APPLICABILITY OF ANY OTHERWISE APPLICABLE STATUTES OF LIMITATION OR REPOSE AND ANY WAIVERS CONTAINED IN THIS AGREEMENT; OR (II) BE A WAIVER BY THE LENDER OF THE PROTECTION AFFORDED TO IT BY 12 U.S.C. SEC. 91 OR ANY SUBSTANTIALLY EQUIVALENT STATE LAW; OR (III) LIMIT THE RIGHT OF THE LENDER HERETO (A) TO EXERCISE SELF HELP REMEDIES SUCH AS (BUT NOT LIMITED TO) SETOFF, OR (B) TO FORECLOSE AGAINST ANY REAL OR PERSONAL PROPERTY COLLATERAL, OR (C) TO OBTAIN FROM A COURT PROVISIONAL OR ANCILLARY REMEDIES SUCH AS (BUT NOT LIMITED TO) INJUNCTIVE RELIEF, WRIT OF POSSESSION OR THE APPOINTMENT OF A RECEIVER. THE LENDER MAY EXERCISE SUCH SELF HELP RIGHTS, FORECLOSE UPON SUCH PROPERTY, OR OBTAIN SUCH PROVISIONAL OR ANCILLARY REMEDIES BEFORE, DURING OR AFTER THE PENDENCY OF ANY ARBITRATION PROCEEDING BROUGHT PURSUANT TO THIS AGREEMENT. NEITHER THIS EXERCISE OF SELF HELP REMEDIES NOR THE INSTITUTION OR MAINTENANCE OF AN ACTION FOR FORECLOSURE OR PROVISIONAL OR ANCILLARY REMEDIES SHALL CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE CLAIMANT IN ANY SUCH ACTION, TO ARBITRATE THE MERITS OF THE CONTROVERSY OF CLAIM OCCASIONING RESORT TO SUCH REMEDIES.

J. Controlling Document. To the extent that this Security Agreement conflicts with or is in any way incompatible with any other Document concerning the Obligation, any promissory note shall control over any other document, and if such note does not address an issue, then each other document shall control to the extent that it deals most specifically with an issue.

K. NOTICE OF FINAL AGREEMENT. THIS WRITTEN SECURITY AGREEMENT AND THE OTHER DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed by their duly authorized representatives as of the date first above written.

Secured Party:

IRC – Interstate Realty Corporation

By: /S/

Its: J. Kevin Adams, CEO

Debtor(s)/Pledgor(s):

Axis Technologies, Inc.

By: /S/

Its: Kip Hirschbach, CEO

Axis Technologies Group, Inc.

By: /S/

Its: Jim Erickson, President

EXHIBIT A

i. 12,000 units of inventory consisting of fluorescent lighting ballasts units more particularly described as follows:

a. 9,100 AX232B120 (2 lamp 120 volt ballasts)
b. 2,520 AX232B120/277 (2 lamp 120/277 volt ballasts)
c. 380 AX332B120/277 (3 lamp 120/277 volt ballasts)

ii. **Certain Inventory.** Any and all of Debtor's goods held as inventory including, without limitation, all inventory acquired with funds loaned or provided by Secured Party for Debtor, whether due to draws under letters of credit issued at the application of Secured Party upon Debtor's or a letter of credit beneficiary's request to fund payment for inventory, as well as certain inventory already owned by Debtor acquired with other funds, all as more specifically described on Exhibit A, whether now owned or hereafter acquired, including without limitation, any and all such goods held for sale or lease or being processed for sale or lease in Debtor's business, as now or hereafter conducted, including all materials, goods and work in process, finished goods and other tangible property held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in Debtor's business, along with all documents (including documents of title) covering such inventory. All of the aforesaid inventory acquired with funds loaned, provided or arranged by Secured Party shall hereinafter be collectively referred to as the "IRC Inventory".

iii. **Accounts.** Any and all accounts and other rights of Debtor to the payment of money including, without limitation, all accounts resulting from the sale of the IRC Inventory, whether or not earned by performance.

iv. **Instruments, Investment Documents, and/or Documents.** Any and all of Debtor's instruments, investment documents, documents or other writings of any type, which evidence a right to the payment of money including, without limitation, all of the foregoing relating to, or resulting from the sale of, the IRC Inventory, and which are of a type that is transferred in the ordinary course of business by delivery with any necessary endorsement or assignment, whether now owned or hereafter acquired, including, without limitation, negotiable instruments, promissory notes, and documents of title owned or to be owned by Debtor, certificates of deposit, and all liens on real or personal property, security agreements, leases and other contracts securing or otherwise relating to any of said instruments or documents, but only insofar as the foregoing relate to or arise from the aforesaid inventory.

v. **General Intangibles; Intellectual Property.** Any and all of Debtor's general intangible property including, without limitation, the general intangibles relating to the IRC Inventory, licenses, computer software development rights, intellectual property, trademarks, patents and copyrights.

vi. **Supporting Obligations.** Any and all supporting obligations that support payment or performance of an account, chattel paper, documents, general intangibles, instruments, or investment property including, without limitation, letter-of-credit rights and guaranties.

AMENDMENT AGREEMENT

This Amendment Agreement (this "***Agreement***"), dated as of December 30, 2009, is entered into by and among Axis Technologies Group, Inc., a Delaware corporation (the "***Company***"), Axis Technologies, Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("***Guarantor***"), GEMINI STRATEGIES, LLC, a Delaware limited liability company (the "***Collateral Agent***"), and GEMINI MASTER FUND, LTD., a Cayman Islands corporation (the "***Investor***"). The Company and the Guarantor are sometimes referred to herein individually as an "***Axis Entity***" and collectively as the "***Axis Entities***".

R E C I T A L S:

WHEREAS, the Company and the Investor are party to that certain Securities Purchase Agreement, dated as of April 25, 2008 (the "***Purchase Agreement***"), pursuant to which the Company issued to the Investor (i) a 10% Senior Secured Convertible Note in the original principal amount of $1,388,888.89 (the "***InitialNote***"), convertible into shares of common stock of the Company, par value $0.001 per share (the "***Common Stock***"), and (ii) a Warrant to purchase 5,341,880 shares of Common Stock (the "***Warrant***");

WHEREAS, on or about March 25, 2009, the Investor loaned the Company additional funds and in consideration therefor the Company issued to the Investor a 10% Senior Secured Note in the original principal amount of $150,000.00, which was due on June 23, 2009 ("***Second Note***", and together with the "***Initial Note***", the "***Notes***");

WHEREAS, the Guarantor has entered into that certain Subsidiary Guarantee, dated as of April 25, 2008 (the "***Guarantee***"), pursuant to which each Guarantor has guaranteed the satisfaction of all the obligations of the Company under the Existing Transaction Documents (as defined below);

WHEREAS, Guarantor has entered into that certain Intellectual Property Security Agreement, dated as of April 25, 2008 (the "***IP Security Agreement***"), pursuant to which Guarantor granted a security interest in its intellectual property to the Investor and the Collateral Agent to secure the satisfaction of all the obligations of the Axis Entities under the Existing Transaction Documents;

WHEREAS, the Company and the Guarantor have entered into that certain Security Agreement dated as of April 25, 2008 (together with the IP Security Agreement, the "***Security Agreements***"), pursuant to which the Company and the Guarantor have each granted a security interest in its assets and properties to the Investor and the Collateral Agent to secure the satisfaction of all the obligations of the Axis Entities under the Existing Transaction Documents;

WHEREAS, the Company has failed to repay the Second Note and failed to make all Monthly Redemption payments required under the Initial Note, among other things;

WHEREAS, the aggregate Mandatory Default Amount under both Notes together as of the date hereof is $1,884,097.22; and

WHEREAS, the Company parties wish to extend certain due dates under Notes on the terms set forth herein;

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing and subject to the terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. *DEFINITIONS*.

1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"***Existing Transaction Documents***" means the Purchase Agreement, the Notes, the Warrant, the Security Agreements, the Guarantee and all other agreements, instruments and other documents executed and delivered by or on behalf of the Axis Entities or any of their officers in connection with any of the foregoing agreements.

"***Transaction Documents***" means the Existing Transaction Documents (as amended by this Agreement), this Agreement, the Amended and Restated Note (as defined below), the Warrant, and all other agreements, instruments and other documents executed and delivered by or on behalf of the Axis Entities or any of their officers in connection with this Agreement.

Each initially capitalized term used herein and not otherwise defined shall have the meaning set forth in the Existing Transaction Documents.

1.2 Terms Defined in the Purchase Agreement. Capitalized terms used in this Agreement and not otherwise defined herein have the respective meanings ascribed to them in the Purchase Agreement.

2. *AMENDMENT AND RESTATEMENT OF NOTES*.

2.1 The Note. The Notes are hereby amended and are being combined into a single restated Note in the form attached hereto as ***Exhibit A*** (the "***Amended and Restated Note***"), which shall provide, among other things, that (i) the original principal face amount of the Amended and Restated Note is $1,884,097.22, (ii) the Conversion Price (as defined therein) in effect as of the date hereof is the lesser of $0.10 (subject to further adjustment as provided therein) and 80% of the lowest closing bid price during the 20 Trading Days preceding conversion; (iii) the Maturity Date shall be April 25, 2010 without any Monthly Redemptions; and (iv) the Company may prepay the Amended and Restated Note at any time with ten (10) Trading Days prior written notice.

2.2 Delivery. The Company hereby irrevocably commits to deliver the Amended and Restated Note to the Investor on or prior to December 31, 2009 in exchange for the Notes.

3. *ADDITONAL AMENDMENTS AND OTHER AGREEMENTS*.

3.1 Reservation of Common Stock. At all times hereafter the Company shall cause to be authorized and reserved for issuance to the Investor from its duly authorized capital stock a number of shares of Common Stock for issuance of the Underlying Shares at least equal to the Required Minimum (after taking into account the amendments contemplated hereby).

3.2 References to Notes and Transaction Documents. All references in the Existing Transaction Documents to (i) "Note" shall be deemed to be references to the Amended and Restated Note (together with any future Notes issued pursuant to the Purchase Agreement), and (ii) "Transaction Documents" shall be deemed to mean the Existing Transaction Documents (as amended by this Agreement), this Agreement, the Amended and Restated Note (together with any future Notes issued pursuant to the Purchase Agreement), and all other agreements, instruments and other documents executed and delivered by or on behalf of the Axis Entities or any of their officers in connection with this Agreement.

3.3 Indemnification of Investor and Collateral Agent. Each of the Axis Entities will jointly and severally indemnify and hold the Investor and Collateral Agent and each of their directors, managers, officers, shareholders, members, partners, employees and agents (each, an "***Investor Party***") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Investor Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by an Axis Entity in this Agreement or in the other Transaction Documents or (b) any action instituted against the Investor, or any of its Affiliates, by any shareholder of an Axis Entity who is not an Affiliate of the Investor, with respect to any of the transactions contemplated by the Transaction Documents.

3.4 No Novation; Rule 144. The Amended and Restated Note issued hereunder is in substitution for and not in satisfaction of the Notes. Such Amended and Restated Note shall not constitute a novation or satisfaction and accord of the Notes. The Company hereby acknowledges and agrees that such Amended and Restated Note shall amend, restate, modify, renew and continue the terms and provisions contained in the Notes and shall not extinguish or release the Company or Guarantor under any Transaction Document or otherwise constitute a novation of their obligations thereunder. For purposes of Rule 144 promulgated under the Securities Act, the holding period of the Amended and Restated Note shall be tacked to the applicable holding period of the Notes. Without limiting the foregoing, if at any time it is determined that such holding period does not so tack, the Company will promptly, but no later than 30 days thereafter, cause the registration of all such Underlying Shares under the Securities Act (without regard to any beneficial ownership or issuance limitations contained in the Amended and Restated Note). In connection with any registration of Underlying Shares pursuant to this Section, the Company and the Investor shall enter into a registration rights agreement containing customary and reasonable provisions regarding the registration of securities under the Securities Act.

4.7 Security Continued. The Axis Entities' obligations under all the Transaction Documents, including without limitation this Agreement, the Amended and Restated Note and the Warrant, shall be secured by all the assets of the Axis Entities pursuant to the Security Agreements (and guaranteed by the Guarantor under the Guarantee) as if this Agreement and the Amended and Restated Note were each in effect at the time of execution of such Security Agreements and referenced therein. The Company shall execute such other agreements, documents and financing statements reasonably requested by Investor, which will be filed at the Company's expense with the applicable jurisdictions and authorities.

4.8 Disclosure. The Company shall, by 8:30 a.m. (New York City time) on December 31, 2009, issue a press release disclosing the material terms of the transactions contemplated hereby. The Company and the Investor shall consult with each other in issuing such press release and any other press releases with respect to the transactions contemplated hereby.

4. *REPRESENTATIONS AND WARRANTIES OF THE AXIS ENTITIES*.

Each of the Axis Entities hereby jointly and severally represents and warrants to the Investor as of the date hereof:

4.1 Organization. Such Axis Entity is duly organized, validly existing and in good standing under the laws of its organization.

4.2 Authorization. Such Axis Entity has the requisite corporate power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party. All corporate action on the part of such Axis Entity and by its officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance by such Axis Entity of its obligations under this Agreement and the other Transaction Documents to which it is a party has been taken, and no further consent or authorization of any other party is required.

4.3 Enforceability. This Agreement and the other Transaction Documents to which such Axis Entity is a party constitute such Axis Entity's valid and legally binding obligation, enforceable in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights generally and (ii) general principles of equity.

4.4 No Conflicts. The execution, delivery and performance of this Agreement and the other Transaction Documents to which such Axis Entity is a party, and the consummation of the transactions contemplated hereby and thereby, will not result in any violation of any provisions of any of such Axis Entity's organizational documents or in a default under any provision of any instrument or contract to which such Axis Entity is a party or by which any of its assets are bound, or in violation of any provision of any governmental requirement applicable to such Axis Entity or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument or contract or the triggering of any preemptive or anti-dilution rights (including without limitation pursuant to any "reset" or similar provisions) or rights of first refusal or first offer.

4.5 Valid Issuance. The Amended and Restated Note has been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be duly and validly issued, free and clear of any Liens imposed by or through any of the Axis Entities.

5. *REPRESENTATIONS AND WARRANTIES OF THE INVESTOR*.

The Investor represents and warrants to the Company as of the date hereof:

5.1 Organization. The Investor is duly organized, validly existing and in good standing under the laws of its organization.

5.2 Authorization. The Investor has the requisite corporate power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party. All corporate action on the part of the Investor and by its officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance by the Investor of its obligations under this Agreement and the other Transaction Documents to which it is a party has been taken, and no further consent or authorization of any other party is required.

5.3 Enforceability. This Agreement and the other Transaction Documents to which the Investor is a party constitute the Investor's valid and legally binding obligation, enforceable in accordance with its terms, subject to (i) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights generally and (ii) general principles of equity.

5.4 No Conflicts. The execution, delivery and performance of this Agreement and the other Transaction Documents to which the Investor is a party, and the consummation of the transactions contemplated hereby and thereby, will not result in any violation of any provisions of any of the Investor's organizational documents or in a default under any provision of any instrument or contract to which the Investor is a party or by which any of its assets are bound, or in violation of any provision of any governmental requirement applicable to the Investor or be in conflict with or constitute, with or without the passage of time and giving of notice, a default under any such provision, instrument or contract.

6. *MISCELLANEOUS*.

6.1 Severability. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; *provided* that in such case the parties shall negotiate in good faith to replace such provision with a new provision which is not illegal, unenforceable or void, as long as such new provision does not materially change the economic benefits of this Agreement to the parties.

6.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. The Investor may assign its rights and obligations hereunder, as long as, as a condition precedent to such transfer, the transferee executes an acknowledgment agreeing to be bound by the applicable provisions of this Agreement, in which case the term "Investor" shall be deemed to refer to such transferee as though such transferee were an original signatory hereto. None of the Axis Entities may assign its rights or obligations under this Agreement.

6.3 No Reliance. Each party acknowledges that (i) it has such knowledge in business and financial matters as to be fully capable of evaluating this Agreement and the transactions contemplated hereby and thereby, (ii) it is not relying on any advice or representation of any other party in connection with entering into this Agreement or such transactions (other than the representations made in this Agreement), (iii) it has not received from any other party any assurance or guarantee as to the merits (whether legal, regulatory, tax, financial or otherwise) of entering into this Agreement or the performance of its obligations hereunder and thereunder, and (iv) it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent that it has deemed necessary, and has entered into this Agreement based on its own independent judgment and, if applicable, on the advice of such advisors, and not on any view (whether written or oral) expressed by any other party.

6.4 Injunctive Relief. Each of the Axis Entities acknowledges and agrees that a breach by it of its obligations hereunder will cause irreparable harm to the Investor and that the remedy or remedies at law for any such breach will be inadequate and agrees, in the event of any such breach, in addition to all other available remedies, the Investor shall be entitled to an injunction restraining any breach and requiring immediate and specific performance of such obligations without the necessity of showing economic loss or the posting of any bond.

6.5 Governing Law; Jurisdiction; Waiver of Jury Trial. (a) This Agreement shall be governed by and construed under the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or any other Transaction Document or in connection herewith or therewith or with any transaction contemplated hereby or thereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

(b) EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES AND AGREES THAT ANY DISPUTE OR CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

6.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile transmission or by email of a digital image format file.

6.7 Headings. The headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.8 Notices. Any notice, demand or request required or permitted to be given by an Axis Entity or the Investor pursuant to the terms of this Agreement shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed in accordance with the notice provisions contained in the Purchase Agreement.

6.9 Entire Agreement; Amendments. This Agreement and the other Transaction Documents constitute the entire agreement between the parties with regard to the subject matter hereof and thereof, superseding all prior agreements or understandings, whether written or oral, between or among the parties.

6.10 Full Force and Effect. Except as specifically waived and amended hereby and for the purposes described herein, the Existing Transaction Documents shall remain in full force and effect in accordance with their respective terms. Except for the waiver and amendment contained herein, this Agreement shall not in any way waive or prejudice any of the rights of the Investor or obligations of the Company under the Transaction Documents, or under any law, in equity or otherwise, and such waiver and amendment shall not constitute a waiver or amendment of any other provision of the Transaction Documents nor a waiver or amendment of any subsequent default or breach of any obligation of the Company or of any subsequent right of the Investor.

6.10 Fees and Expenses. The Axis Entities and the Investor shall pay all costs and expenses that it incurs in connection with the negotiation, execution, delivery and performance of this Agreement and the other Transaction Documents, *provided, however*, that the Company shall, concurrently with the execution of this Agreement, pay the Investor the non-accountable sum of $10,000 in immediately available funds for its expenses (including without limitation legal fees and expenses) incurred or to be incurred by it in connection with the Company's defaults described herein and with the negotiation and preparation of this Agreement and the other Transaction Documents to be delivered in connection herewith.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the day and year first above written.

AXIS TECHNOLOGIES GROUP, INC.

By: /S/ Jim Erickson
Name: Jim Erickson
Title: President

GEMINI MASTER FUND, LTD.
By: GEMINI STRATEGIES, LLC, as investment manager

By: /S/ Steven Winters
Name: Steven Winters
Title: President

AXIS TECHNOLOGIES, INC.

By: /S/ Jim Erickson
Name: Jim Erickson
Title: President

GEMINI STRATEGIES, LLC

By: /S/ Steven Winters
Name: Steven Winters
Title: President