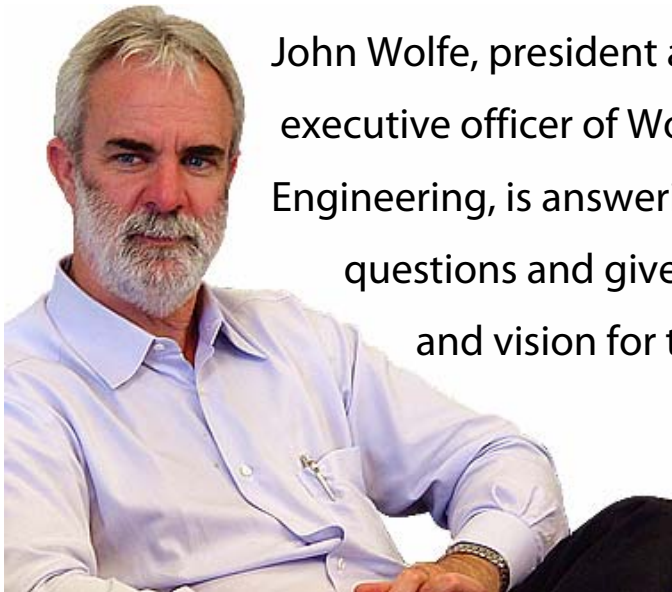




# JOHN WOLFE OUTLOOK 2008 – Getting ahead of the curve



John Wolfe, president and chief executive officer of Wolfe Engineering, is answering critical questions and gives his outlook and vision for the future.

1. **Question: Wolfe Engineering has been in the business as leader in providing high-quality, comprehensive and integrated design, manufacturing, and assembly solutions on an outsourced basis, for over a decade. What are the main changes you have seen in this market?**

When I first started Wolfe Engineering in 1992, the key to success was on time delivery in combination with delivering quality. Now, 15 years later, everything is price dependent. The customer wants parts sooner. Most deliveries are rush deliveries and at the same time the customer does not want to see a price increase. Expediting orders are no longer supposed to have a cost increase. Whoever is the cheapest seems to win this game.

**2. Question: *Historically companies in the semiconductor industry experience irrepressible economic downturns and upswings. How is Wolfe Engineering coping with these economic cycles?***

This is an interesting subject. The key is to control your cost! I have coped with cycles by expanding and contracting headcount as necessary. At times I adjusted the business with less permanent employees and more temps; the challenge with this is training time and cost of acclimating temp employees to the Wolfe corporate culture. What made us successful is our core group of permanent employees of which we can expand and contract. Unfortunately, depending on

how deep the contraction is, you have to cut very good people at times. It is also crucial to control expenses by maintaining the correct inventory levels. If maintained incorrectly then you are stuck with excess inventory. We manage to recognize and react quickly to cycles.

**3. Question: *A few (couple) years ago Wolfe Engineering tried to enter vertical segments within the corporate market. For lack of determination the experiment didn't fully succeed yet. Have you given up on these new markets or do you have other plans?***

We have learned our lesson. To be specific, we have not done an excellent job on our market research. Life science, nanotech, solar, semi are all very different in their nature and life cycles. We came to the conclusion to disengage from the attempt to enter Nano Technology. The profit potential is too small, considering that there isn't a clearly defined market. We are however expanding with the alternative energy possibilities, such as solar. With this, we have established a solid process.

The most difficult area to enter is Bio-Medical. It is taking much longer than expected, but it is not abandoned. We have started with an experiment that has not fully succeeded yet. We are working on specific ISO certifications related to the bio medical industry standards.

- 4. Question: *Wolfe Engineering is an innovative company, with a tradition of embracing new technologies in their early stages. What technologies and segments do you see out there now that could play a role in your current or future products?***

The big deal now is solar power and we are playing a great role with solar power and continue to expand our capabilities. Solar appears to be a semiconductor process on less precise scale. The solar industry is very competitive and there are different types of technologies that are still growing. Although Solar power does not require clean rooms yet, neither did flat panel initially. Now flat panel requires cleanliness requirement and precision while solar is still behind that process. Flat panel has only taken off in the past 1-2 years, a lot of competing for technology in solar through the monosilicon / polysilicon / foils

(stainless steel) / glass. The big question is: Which will become the preferred method and price? We are ready to be innovative key players here!

- 5. Question: *On a personal note, what is the worst mistake you ever made in your career, and how did you try to fix it? Can you give us an example?***

With the very first big downturn, we did not act fast enough, but kept waiting for the industry to turn around. It didn't turn around fast enough and we almost bankrupted the company. We had too much inventory, probably around 1994. What a life lesson! Now, we try to recognize potential downturns sooner and quicker in order to cut cost. We finally established a great materials team to manage the inventory.

- 6. Question: *What is the biggest lesson you learned from your past experience with Wolfe Engineering?***

Control your expenses! Semiconductor Lesson # 1: It doesn't hurt, not to hire people fast enough, but it does hurt if you don't let them go quick enough.

**7. Question: *What is your biggest accomplishment thus far, that you are proud of from your past experience with Wolfe Engineering?***

Wolfe Engineering, Inc., started with 3 people in 1992. Now, we have 3 facilities across states and in Taiwan with hundreds of employees. This has been established on our own without ANY outside money from third parties.

**8. Question: *If you could sit down with one person from history, who would it be?***

Henry Ford. **Burning question:** How the hell he did it?

**9. Question: *Which leaders do you admire?***

Lance “Cheater” Armstrong. Just Kidding: Identifying a leader is tough because it is tough to find someone who is “morally” not corrupt. A lot of them use unfair business practices. I want to admire somebody just as much for their personal life as what they’ve done in business. I want to find somebody who is

compassionate. I don’t know enough about Bill Gates but what he is doing with his charity is very admirable. That is why I struggle with this question.

**10. Question: *What inspires you to be a role model and on top of the game?***

My son Vince, who courageously fought a brain tumor, until he peacefully passed away this year.

**11. Question: *What do you see as the next great leap forward for Wolfe Engineering?***

We are building an Asian presence. And fill the market in gas / solar / flat panel. The perception in Asia is that American engineering and quality is good, so we need to get further into the market to provide local products.

**12. Question: *How are you building off of the accomplishments of 2007?***

Continue the big growth in solar and cryogenics. While we have to recognize that semi is too price competitive and margins are decreasing. In order to get to where we can grow with our customers, you need to find customers that are growing rapidly and our company will grow with them. So we will find customers in these new verticals, become their key supplier and grow with them.

**13. Question: *What is your opinion and vision for Wolfe Engineering's success and future?***

Identify the key contributors in the company and help spread the responsibility. My focus in the past has always been on the top line revenue. While my focus has changed to eliminate the bottom line losses and make the company more profitable.