

**Q&A with Fred W. Wagenhals, CEO and President of Ammo, Incorporated
Designing and Manufacturing Ammunition for Hunters, Target Shooters,
Law Enforcement, Personal Defense, and Sports Enthusiasts**



Fred W. Wagenhals and Jesse James

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Interview conducted by:
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CEOCFO: *Mr. Wagenhals, what attracted you to take over the leadership role at Ammo at the beginning of the year?*

Mr. Wagenhals: I started hunting about ten years ago and I really enjoyed the sport. I went to some hunting shows and I saw how big the industry was. When I saw this opportunity come across my desk, I thought it was a great opportunity to get into the business of building ammunition and making my mark in the industry.

CEOCFO: *What is involved in creating, designing and manufacturing of ammo?*

Mr. Wagenhals: I have been in a lot of manufacturing businesses in my lifetime. I do not want to say it is simple, but there are only four components to making a bullet. I knew I had the right people to put in and the plan to run it. My chief operating officer is a guy by the name of Steve Hilko. Steve had been with me for fifteen years in a business called Action Performance, which was a New York Stock Exchange company of which I was chairman and CEO. We did about four hundred and seven million dollars a year in sales. Steve managed my manufacturing operations in China, he is a avid gun shooter. This was a perfect fit to put him in that job. Right now, he is building over two million rounds of ammunition a month and we have the capabilities to build probably five to six million rounds a month in that facility.

CEOCFO: *Who is using your ammo?*

Mr. Wagenhals: There are different groups of people using it such as Hunters, target shooters, law enforcement, personal defense, and sports enthusiasts.

CEOCFO: *What makes one brand of ammunition better than another and what is it about Ammo products in particular that make them a better choice?*

Mr. Wagenhals: From our standpoint, it is product development and quality control. We spend a lot of effort, time and money making sure our ammunition is high quality and performs way above industry standards. In today's market, the shooter is now buying two or three thousand dollar guns. They want better quality ammunition, that's our target, we are never going to be a low end manufacturer. We are the Ferrari in the industry.

CEOCFO: *Does the casual gun understand the different in ammunition quality or is it more the serious gun people that are more interested in the whole process and how guns work?*

Mr. Wagenhals: I would say the avid gun owner today and the average shooter are very smart. I have been to a number of gun shows. It is hard to imagine how much attention they pay to the quality of guns and ammo.

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CEOCFO: *Are there particular types of ammunition that you produce for particular model guns? What is the range of your products?*

Mr. Wagenhals: We want to be to where we are from one end of the spectrum to the other. Currently, we are working on expanding and doing a line of ammunition for hunters, big game Safari hunters, and the American hunters. Other than that, we pretty much cover everything from 380-308.

CEOCFO: *What is your connection with Jesse James?*

Mr. Wagenhals: My connection with him goes back a long way. Probably fifteen years ago, I manufactured a line of die cast products that sold at Walmart for West Coast Choppers. I was in the Diecast Replica business and I sold about eighty million dollars worth of product for him at Walmart. I ran into Jesse about a year ago at the NRA show and with my past experience in licensing I knew Jesse's name was aa perfect for our industry. I had experience with Jesse and worked with him before, so he is a marketer. He is a guy that knows how to market and build a brand. It became perfect for us.

CEOCFO: *Would you tell us about stealth ammunition?*

Mr. Wagenhals: It is a brand that we have developed for the suppressor market. We are the leaders in this category and look at it as a big growth sector.

CEOCFO: *Do law enforcements pay more attention to quality and ammunition today because they are under so much more scrutiny? Are they more interested in how you are manufacturing than they might have been five to ten years ago?*

Mr. Wagenhals: The answer is yes. We have a display's in the police department here in Arizona and it is amazing how much attention they do pay to the quality of the ammo?

CEOCFO: *Should people in general understand more about ammunition when they are looking at all of the competing ideas between the NRA and the people that do not want you to have a gun?*

Mr. Wagenhals: I think they are. They pay a lot of attention to it. My wife is a shooter and she never owned a gun seven years ago when we got married, but today, she has about fifty guns. She is an avid shooter and goes weekly, pays a lot of

attention to not only the gun but the ammunition she uses. She is a charter member of the NRA, so she is a strong believer in the second amendment.

CEOCFO: *Why do people enjoy shooting?*

Mr. Wagenhals: If you go to a shooting range, it's fun. People really enjoy the sport of shooting. Soon, you will see as many or more women at the range than you do men. It's a great sport. It can be enjoyed by men and women. Female shooters are growing.

CEOCFO: *Do you think it is a security issue or a feeling of power?*

Mr. Wagenhals: I think it is power and security. We have been to several gun shows lately and one of the big boosts there is the concealed purses that are now selling, so women can keep a gun in their purse. It is an industry that is growing. You go to the gun shows and see pink guns, lavender guns and it is a different industry today. I went to the NRA show recently and there were just as many women walking around the show as men.

CEOCFO: *Are there new ways of manufacturing or new chemicals or materials? What is the state of manufacturing today and do you see changes coming up?*

Mr. Wagenhals: I see changes. We are working on some manufacturing equipment that will produce a better bullet and produce more bullets in a shorter period of time, with better quality, better materials. We are always looking for better materials and new technology.

CEOCFO: *Do you need to maintain a large inventory and are there certain types of ammunition that fall in and out of favor? How do you manage storage, production and inventory?*

Mr. Wagenhals: We have now close to two million dollars in inventory and I doubt very much if we will ever have less than two million dollars in inventory because the demand is when a retailer or a range calls and they want ammo and want it now. We are always going to be in a position where we have a couple million dollars of inventory on the shelf.

CEOCFO: *Do many customers come to you directly or is most of it through dealers? How do you work with your customers?*

Mr. Wagenhals: We have four rep groups that cover the United States. We have several buying groups that buy from us as well. We also have our own in house sales staff that leads our direct sales efforts.

CEOCFO: *How does being a public company help? Is there interest from investment community?*

Mr. Wagenhals: I think so. Both my marketing partner and financial partner both ran public companies and I ran a company on Nasdaq and New York stock exchange and all three of us are very qualified to run a public company and we know the ups and downs of a public company. The ups are really simple. You make earnings and you beat your projections, those are the ups. We are very focused on reaching projections and building a public company. We think we have a company here that we can build over the next several years into a few hundred million dollar company. We are confident that Wall Street will reward us. Our next big hurdle is to get off the OTC and be on Nasdaq, hopefully within the next eight to ten months.

CEOCFO: *What is the takeaway for our readers? What should they remember about Ammo Inc?*

Mr. Wagenhals: For me it would be that we are always going to be a high quality manufacturer of superior ammunition. I think we will be a brand builder and two years from now, everyone will look at the brands we have built and they will be some real substance behind those brands. I believe it is a stock people will jump on once they see what we are doing and the growth of our company and the acquisitions we will be making.

