

E.E. NEWCOMER ENTERPRISES, INC.

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Over the last year, we have watched with surprise and concern the rapid slowdown of our economy and the disappointing performance of many of our financial institutions, regulators, and politicians - from both parties. Today the same financial experts who failed to predict the current downturn offer widely varying opinions on how long it will last and what actions the government should take to hasten a recovery. The truth is recessions can only be accurately measured and explained well after the fact. Over the last 30 years, the U.S. economy has experienced three prior recessions. While each economic downturn is different, they do share several common features:

- (1) They always end and they end with renewed economic growth.
- (2) No one can accurately predict exactly when they will begin or end.
- (3) Economic activity never goes to zero.

A recession is technically defined as a decline in economic activity for two consecutive quarters. A 5% fall in economic activity would be considered a deep recession. This means that, even in a severe downturn, 95% of economic activity is still occurring. We receive most of our information through a news media that over-emphasizes the negative. On economic matters, the media focuses most of their coverage on news, such as layoffs and bankruptcies, which represent the 5%, with little - if any - on the ongoing activity that represents the 95%. Recessions also have a large psychological component. We cannot afford to let the pervasive negativity in the media convince us there are no more customers or opportunities available in today's marketplace. The reality is far different.

In 2008, DH Pace consolidated sales increased by \$24 million to approximately \$180 million. While we certainly have been affected by the recent economic slowdown, our sold backlogs and ongoing customer activity remain relatively solid. As a result, we are projecting a modest increase in invoiced sales for 2009. Our business model of building strong long-term customer relationships, offering a broad range of door opening products and services, and growing large aftermarket service departments from offices strategically located across the continental United States has performed well in past downturns and is doing so again.

As a privately-owned company we have the flexibility to make financial decisions with a long-term perspective. In times of great economic uncertainty, new business opportunities can still be discovered and developed by organizations willing to make the necessary financial investments. In early 2008, we purchased the largest residential garage door business in Colorado under the Ankmar brand name and formally launched the DH Pace Facilities Group to serve our multi-location commercial customers across the country. We also established a new controlled access gate business, expanded our automatic door business, and opened a new commercial entry door sales office in the Baltimore/Washington, D.C. area. We are committed to making these new investments today and fully expect them to become strong contributors to our financial success in the next economic expansion. In business, as in farming, one must put in the effort to plant the crop and tend to its growth before the fruits of that labor can be enjoyed.

We are proud to be a privately-held, family-owned business committed to serving our customers, building a great place to work, and offering solutions that make residential and commercial buildings safer, more secure, and accessible. Our organization is also blessed with great employees and many loyal customers. For that we are very thankful and we remain optimistic that the best days for our economy and our country still lay ahead of us.

May God bless each of you and your loved ones this year.



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The DH Pace Company

The *DH Pace Company* is a wholly-owned subsidiary of *E.E. Newcomer Enterprises, Inc.*, a privately-held, family-owned service, distribution and construction organization based in North Kansas City, Missouri with offices located across the continental United States.



Company Business Segments

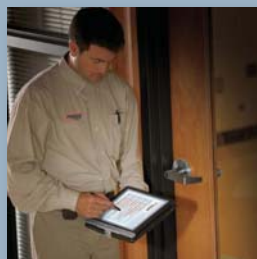


- Commercial Overhead Doors
- Residential Overhead Doors
- Commercial Entry Doors
- Integrated Security Systems
- Construction Services

Lines of Business

Services

- Emergency Service
- Repair / Replace
- Sales / Installation
- Preventive Maintenance
- Inspection Programs
- Consulting Services



DH Pace is organized into five distinct business segments. These **Lines of Business** represent product groupings, including all of the associated **Services** that support those products after installation in the facilities they serve.