2007 Annual Report

Treyserv-Pitkin Enterprises

January 2008

Corporate Overview

The consumer products industry has seen dramatic change in the last decade, due to increasing costs in manufacturing, need for innovative products, and decrease in brand loyalty. These changes have created the need to modify previous tactics to continue operating in this competitive industry.

Acquisition of Pitkin Industries

In November, Treyserv completed the process for acquiring Pitkin Industries to form Treyserv-Pitkin Enterprises. The combined resources provide a stronger, more versatile organization to create innovative products and compete during the next decade. Here is a breakdown of the combined organization’s divisions, their locations, and number of employees:

Treyserv Headquarters Cleveland 1,355

Pitkin Division Denver 1,235

Product Development Columbus 350

West Coast Distribution Fresno 123

2007 Operating Results

Despite the Pitkin acquisition, significant progress in restructuring the Company, and reducing debt in 2007, our progress was not reflected in our 2007 earnings performance. In fact, while our actions are expected to provide substantial future returns through lower operating and debt service costs, the up-front costs to implement our plan reduced our 2007 earnings.

For 2007, Treyserv-Pitkin recorded earnings from continuing operations of $9.3 million as compared to $15.5 million in 2007. Income from continuing operations available to common stock was a loss of $2.25 million, or 3 cents per common share, as compared to income of $7.5 million, or 7.5 cents per common share in 2007.

2008 Capital Expenditures

Treyserv-Pitkin’s capital expenditures for 2008 are projected to total $173.7 million, compared to $148.6 million from continuing operations in 2007. Expenditures by our Research and Development group are projected to increase by approximately $30 million due mainly to projects aimed at increasing our competitiveness and efficiency in production. The expansion into Texas will cost an estimated $95 million.

2007 Management Changes

On October 1, 2007, Dewey A. Larson was named Chair and Chief Executive Officer by the Company's Board of Directors, replacing Jeff K. Andrews, who retired this year after 25 years of service. Mr. Larson first joined Treyserv in January 1992 and over a period of fifteen years, has held a variety of senior executive positions.

In March 2007, Amanda Wray joined Treyserv as its Chief Financial Officer. Amanda has an impressive record in the industry over the past 33 years. Amanda adds strength to our management team, particularly as the Company faces the important challenge of improving the financial and operating performance. Ms. Wray has stated:

In 2008, we take the bull by the horns. Everyone at Treyserv-Pitkin must pull together and work toward our mutual success. I’m counting on every employee to focus on our common goals to improve the financial status of the Company.

Goals for 2008

Fully implementing our strategic action plan will take several years to complete and 2008 will be no less critical than 2007. In pursuing the second year of our plan, we have established several key goals for 2008:

Pursue innovative marketing techniques.

Increase usage of existing computer systems by hiring in-house training personnel and establishing a continuing schedule of training classes.

Implement an electronic project management program in all business units and corporate headquarters.

Reduce the travel expenditures for the Company by closely evaluating each request for viability.

With the changes occurring in the Company, we need to make sure that we continue to assess the interaction and activities among the merged divisions. Therefore, it is imperative to continually set and review goals using the following steps:

Assess the situation.

Set measurable goals.

Communicate goals to all employees.

Implement programs to strive to meet goals.

Evaluate programs in relation to goals.

Continue or adjust programs as needed.