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Director

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Directory

NEMEON, INC.

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President and CEO

Earl Ward

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The Board Report

Stan Martinkus

We have reached an initial level of maturity as a cooperative, which is really good news. We are the largest coop in the industry in terms of number of locations and the second largest in terms of aggregate purchases. In only eight years that is incredible growth and we owe a debt of thanks to our members and staff for getting us here. Today there is no doubt that we have significant market leverage. The real question is how do we use that leverage to maximize the benefit to our members and our preferred vendors.

We are at a tipping point. For those of you who attended the fall meeting in New York, you heard first hand, from our speaker Evan Hackel of Carpet One, a dramatically different approach to the cooperative process and the dramatically more positive economic benefit to its members. The key element of the Carpet One approach is to more effectively use our aggregate purchasing power. Our round table discussions in New York focused not on our individual business practices but strategically where do we want to take NEMEON and what does that mean to us as individual members.

Those discussions have laid the ground work for the continued discussion at our next annual meeting in Palm Springs on how we choose to define NEMEON's future. We are at a defining moment of our cooperative. I encourage each member to make the commitment to attend this meeting because if you choose not to then the members who attend will be defining your future.

That leads me to my next point. Like most things in business, membership in NEMEON is a value equation. The rebate income we all currently receive is clearly worth the

price of membership but I would argue that the real value is at the meetings. To get continuing and growing support from our preferred vendors, all members need to show up to the annual meeting and be actively engaged in the member/vendor face-to-face. No member can make up for another member's absence. Participation in this meeting sends a message to our preferred vendors. It shows our ability to aggregate our purchases.

Also there is nothing more important than building personal relationships with other successful distributors and sharing best practices. We need you to attend this meeting in Palm Springs. I guarantee that you will not be disappointed.

Finally, I have to say that bringing Earl Ward on as NEMEON's new CEO has been the single best decision we have ever made as a board of directors. In just the few months he has been with us it is apparent that his experience as a successful distributor, NEMEON member and board member combined with his talent, vision and energy make him a powerful force in the industry and just the right man at the right time for NEMEON.

One thing we as a board have asked Earl to do is to visit each NEMEON member at his location to gain a better understanding of each members' business and what value NEMEON can bring to that member. Earl is off to a great start on this process and has really engaged the members in great discussions on how to improve NEMEON and bring more value to our members. I cannot tell you when, but Earl will be visiting each of you and I am positive it will be well worth your time.

See you all in Palm Springs. ■

President's Letter

FACE TIME

True confession time...I am an email junky. Ok, there I said it!

I am not sure when it happened. Not even sure when I sent my first email. I think it was somewhere around 1998. Our "tech" guy came in my office and gave me a piece of paper with my name spelled out with a dot in the middle, one of those @ things and finishing it off with .com at the end. "What is this?" I asked. "Your email address" he stated. "What do I do with it?" "You'll find out" was all the corporate geek said as he strolled out of my office. At first, we kept the emails internal. Where we used to get off our rear ends and walk to someone's office to talk with them, we sent them an email instead. Even if they were in the next office! Where we used to type "inter-office memos" that someone would hand deliver, we now would simply hit the send button and off it would go.

Being in the roofing distribution business, I suppose we were a little behind the email curve. Yet somewhere along the line it took over. One day, as if by magic, someone sent me an email from outside of the building. I remember thinking "how did that happen?" Frankly, I still don't know. But boy does it happen! Fast forward to August, 2007. Just for the fun of it I added up how many emails I sent one particular week—198 total. And I am not alone. I received that same week 165 non-spam emails. That is 363 communication events that happened while sitting at my desk, sitting at stop lights, sitting on the couch at home, sitting on the golf cart, etc... That being an average week, we are talking practically 20,000 emails a year that go through my computer in one manor or another! No wonder that more emails and text messages are sent a day than there are people on the planet!

I guess the problem I have with email is that it is too efficient. Type it up, add recipients and hit the send button. There it goes. And where it stops, nobody knows. Instant communication in the times of instant gratification. It makes me wonder how we all talked to each other before email, or before cell phones, or for that matter, before telephones. What the heck did we do?

There was a commercial a few years back where an executive of some big company brought all his 'people' in a room and handed out airline tickets (I am sure it was a commercial for an airline). The big guy told his staff he had just talked to a long time customer who reminded him how business used to be done and that he was disappointed it was no longer that way. The big guy told the staff it was time to get back in touch with your customers. It was time to get face to face on their turf and reconnect. The commercial had no effect on me at the time. Yet now in this day of massive emails, I get it.

Even though I am hopelessly addicted to email, I do know the best way to communicate is face-to-face. Good old fashioned face time. It takes more work. It takes coordination. It costs money. And it can be exhausting especially in this day and age of full flights and congested highways. Yet, nothing beats face time. Since joining **NEMEON**, I have made it a priority to meet the members on their turf, face to face. These calls have been invaluable. Nothing beats eye contact, body language and a good old fashioned hand shake for getting to know the members. I have had at last count somewhere around 40 of these meetings. Every one of them has at least one 'something' that I take away that is compelling. Every meeting builds on the last meeting. Hopefully, every member benefits as much as I do from the visit. Face time is my best way to get my fingers on the pulse of our membership and to share my thoughts, challenges, opportunities and vision for **NEMEON**.

I had my first opportunity to go face to face with a whole batch of members recently at the **NEMEON** fall meeting held in New York City. This for me was a very special meeting as I was the host to a gathering of about 40 entrepreneurs from different parts of the country running the same type of businesses. Pretty nerve racking for me as I used to be one of those guys sitting at the round tables. I know that I used to have very high expectations for the meetings. After all, I had to endure the wrath of airports, hotels and taxi cabs to get there. Would have been much easier to stay home and wait for the email summary rather than attend. Yet I attended and

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NEMEON takes on Manhattan

The NEMEON fall meeting was quite the event. The energy of New York City was no match for the energy and enthusiasm that was generated from the group of NEMEON members that gathered together in Manhattan.

The meeting started with Evan Hackel, President of Carpet One. Carpet One is an organization of about 1000 independently owned carpet retailers. Hackel gave us insights on how Carpet One grew to be the largest purchaser of floor covering products in the United States. He then proceeded to draw direct correlations between his group and NEMEON. The message was loud and clear—If NEMEON members are to achieve in their chosen market similar success, we must look at our organization as a consolidator.



from left: Marc, Barbi, and Melinda Stewart, Stewart Building & Roofing Supply sampling some local flavor in Little Italy



Jim Bone, Bone Roofing Supply at Ferrara Bakery in Little Italy

Carpet One did not consolidate as is commonly thought of and practiced in our market. Instead, they consolidated the thought process of their entrepreneurs then marketing aspects and finally how they, as a group, purchase materials. Thus, the individual Carpet One owners were able to tap into the benefits of consolidation while remaining independent entrepreneurial business owners thereby enriching their bottom line, company worth and livelihood.

Hackel summed it all up by showing us a slide that illustrated the endless

cycle of strength—the stronger the member, the stronger Carpet One and in turn the stronger Carpet One, the stronger the member.

Next to speak was Dr. Charles Lieberman. Dr. Lieberman, a well known economist who is often seen on Bloomberg CNBC, gave us a presentation entitled “What the @#\$\$ is Going On!” He focused on the housing market, mortgage financing and how market conditions contributed to the current mortgage lending crisis and ultra high inventory of available homes for sale.

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Tim and Aracely Bock, Lakefront Supply



Dr. Charles Lieberman



Evan Hackel, Carpet One



from left: John Campbell, Roof Component Solutions and Andrea Wisniewski, Carlson Distributors

In short, he feels that the current housing slowdown will continue until the inventory imbalance is corrected. He feels this will take at least a year. He added that the faster new home building slows down, the faster the market will equalize. Thus, we are in for at least another year of declining and limited

opportunity in our new construction supply endeavors.

That evening, the attendees enjoyed a dinner cruise around Manhattan. You could not help but to be touched by the sight of the Statue of Liberty, brightly lit on a beautiful evening on one side of the boat and the two beams of light, signifying where the World Trade Center buildings used to be, on the other.

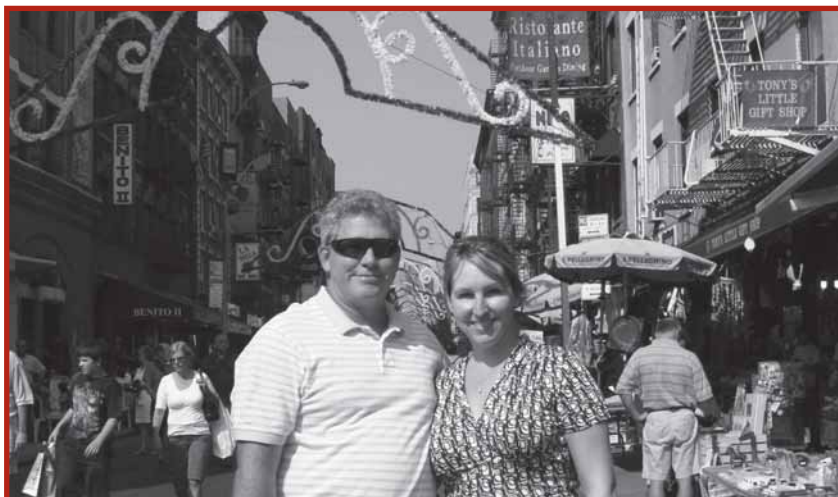
The next morning the attendees came together again for roundtable discussions. Typically this time is reserved to share best practices of our individual organizations with topics specific to the distribution business. This meeting was

different. There was essentially one topic and that was NEMEON.

The previous day's presentation by Evan Hackel set the table for a focused and open discussion on how we as a group can use NEMEON to better our individual positions in our marketplace. Earl Ward, NEMEON's CEO, initiated the meeting by sharing with the group the state of NEMEON at fiscal year end. We then



Patty Kaiser, NEMEON and Cherie Walker, CB Wholesale



John and Stephanie Amor, Great American Building Materials in Little Italy



from left: Jamie Glazer, SG Wholesale Roofing Supplies and Ross Riddle, South Coast Shingle



Frank and Pam Glasscock, Superior Distribution in front of the Empire State Building



from left: Bill Wahl and Janice Argulot, Bill Wahl Supply; Jim and Janice Bone, Bone Roofing Supply; Josh McGrath and Ted Boylan, Admiral Building Products

started a S.W.O.T. discussion (strengths, weaknesses, opportunity and threats). Lively discussion ensued. The electricity in the room cannot be described.

In summary:

Strengths—an organization made up of hundreds of entrepreneurs which together bring more intellectual horsepower to NEMEON than any other cooperative and large national chain. Collectively, NEMEON has leverage that equals or betters any organization in our market.

Weakness—an organization made up of hundreds of entrepreneurs with different thought processes, desires, motivations and levels of involvement with NEMEON. Lack of survey participation, meeting participation and true use of our aggregate leverage has put limits on NEMEON'S potential.

Opportunity—to unify our organization such as Carpet One has for the betterment of each member. To bring NEMEON members together in collective thought process using our collective horsepower to close the disparity that currently exists between the industry giants and independent distributors.

Threats—continuing to do business the way we always have leading to lack of leverage, deterioration of effectiveness, complacency and diminishing returns leading to a weakening of all our individual organizations which will lead to further lack of leverage, deterioration of effectiveness etc... As Hackel described the circle of strength, there is also a circle of weakness as described as our biggest threat.

Those in attendance got the message. One member mentioned that the biggest

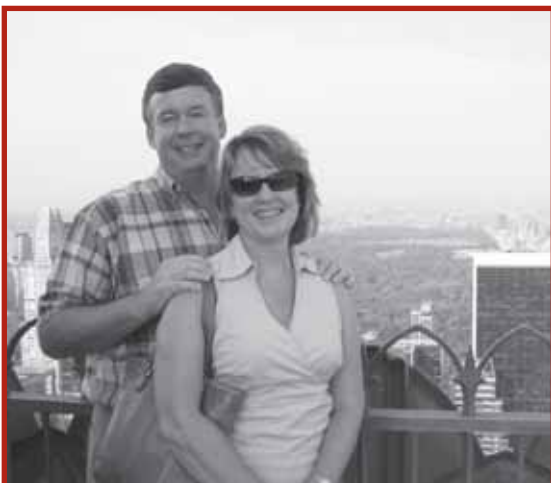


from left: Rick Pogue, Shawn Saxe and Jerry Pogue, Arrowhead Contractors Roofing Supply

problem with the meeting was that ALL members were not in attendance.

The afternoon concluded with a tour of Manhattan stopping at Ground Zero, Little Italy and The Rockefeller Center's Top of the Rock viewing deck. ■

Mark your calendars and plan now to join us January 27-29, 2008 in Palm Springs.



Skip and Debbie Sayres, Roofing Supply enjoy the view of Central Park from Rockefeller Center



Josh McGrath, Admiral Building Products



from left: Cathy Conely, Gilbert Supply; Teri Ditsch, NEMEON; Aracely Bock, Lakefront Supply

President's Letter

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never missed a meeting because I knew I would get to go home with something that I could not get in an email. It was my chance to share experiences with some pretty successful businesspeople. The relationships I enjoy with many of our members started at these meetings with a hand shake and an introduction. Most important personally is these relationships have turned into friendships that no money can buy nor sell. Thus as a member, I would not miss one. And now as the President of NEMEON, I better not miss one!

New York was a very special meeting. It was a different meeting in a lot of respects. It could not have happened by email or conference call. Face to face interaction made it special. I believe all members that attended were enriched and energized by the meeting and the relationships built and fortified therein.

If you missed New York, do not miss Palm Springs. The dates are January 27 through 29. Our goal is to make this our best meeting yet. My personal guarantee is that you will come away enriched. We will be sharing this meeting with our Preferred Vendors. The "Face-to-Face" meetings with these vendors will bring you opportunities to solidify your supplier relationships and to initiate new ones. The **NEMEON** Preferred Vendor family represents the best available products and services in our industry. **NEMEON'S** success is dependent on our members supporting our Preferred Vendors. The opportunity for our members and suppliers to come together for a day of face time cannot be beat! If our Palm Springs meeting is anything like New York, the roundtable discussions will be thought provoking and energizing. We will also be continuing the new tradition of bringing in a speaker with a story and message that you won't want to miss. This year's speaker will be Rudy Ruettiger. Rudy's story was told on the big screen in the movie "Rudy". I had a chance to see Rudy speak a few years

THE FOLLOWING IS A LIST OF PREFERRED VENDORS:

Activant Solutions	Karnak Corporation
Air Vent	Knight-Celotex
ARFCO	Linzer Products Corporation
Atlas Roofing Corporation	LOMANCO
Berger Building Products	Madaco Safety Products
BILCO	MALCO Tools
BlueLinx	Metal Sales
BMD Corp.	Mid-America Building Products
Carlisle Coatings	NAPCO
CertainTeed Roofing Products	National Check Trust
CertainTeed/Wolverine Siding	National Nail Corp
Continental Materials	NYI Building Products
Crane Performance Siding	Olympic Fasteners
DCI Products	Polyglass
DMSi Software	Power Concepts
Dow	PrimeSource
Drexel Metals	Quality Edge
Duraflor	Ridglass
Eagle Roofing Products	Roofmaster
EcoStar	S & W Forest Products
Eternabond	Sievert Industries
Fleet Maintenance	Skylands Transaction Management
Forsthoft Welding Products	Specwise
GenFlex Roofing Systems	Sun-Tek Skylights
Geocel Corporation	TAMKO Roofing Products
Goodyear Tire & Rubber	Tapco Tools
Great Northern Mfg.	Tarco
Henkel Consumer Adhesives	The Foundry
Hiab, Inc.	United Asphalts
Hunter Panels	Variform
Hunter Warfield	Versico
IKO Sales	Werner Ladder
InSpire Roofing Products	Willow Creek Consultants

For more information go to www.NEMEON.com

back. As good as the movie was, witnessing Rudy in person is better! He is so good, we have him speaking at our banquet so all attendees, spouses, guests and Preferred Vendors can witness his motivational message. We are also putting together an agenda full of surprises and great information.

And, of course, you cannot beat Palm Springs in January. For the golfers amongst us, there will be the **NEMEON** golf tournament. For all others, plenty of fun in the sun will be at hand.

This meeting will be special in a special place. As much as the venue, speakers and activities are designed to entice members and Preferred Vendors to attend, the real benefit is the face time. This is our way of bringing the best people

in our market to gather to exchange ideas, share thoughts, discuss challenges and create opportunities. Best of all is the opportunity to shake hands with some old friends and new ones alike.

Yes, I am a hopeless email junky. I guess in this day and age it's not all bad. But I'll take the handshake and eye contact that only comes from face time over hitting the send button any day!

See you in Palm Springs.



FEEL THE PRIDE!

Earl Ward
President & CEO

Welcome New Preferred Vendors

GenFlex Roofing Systems

www.genflex.com

GenFlex Roofing Systems is a leading, full-line supplier of high quality single-ply roofing products for the commercial roofing market.

Headquartered in Indianapolis, Indiana, GenFlex manufactures, markets, and sells its products through its network of distributors, and authorized roofing contractors.

GenFlex entered the single-ply commercial roofing industry in 1980, utilizing the company's 80+ years as a world leader in the development of polymer and chemical technology. The company offers EPDM and TPO (thermoplastic polyolefin) membranes, polyisocyanurate insulation, fasteners, and a complete line of related installation accessories.

Quality Edge

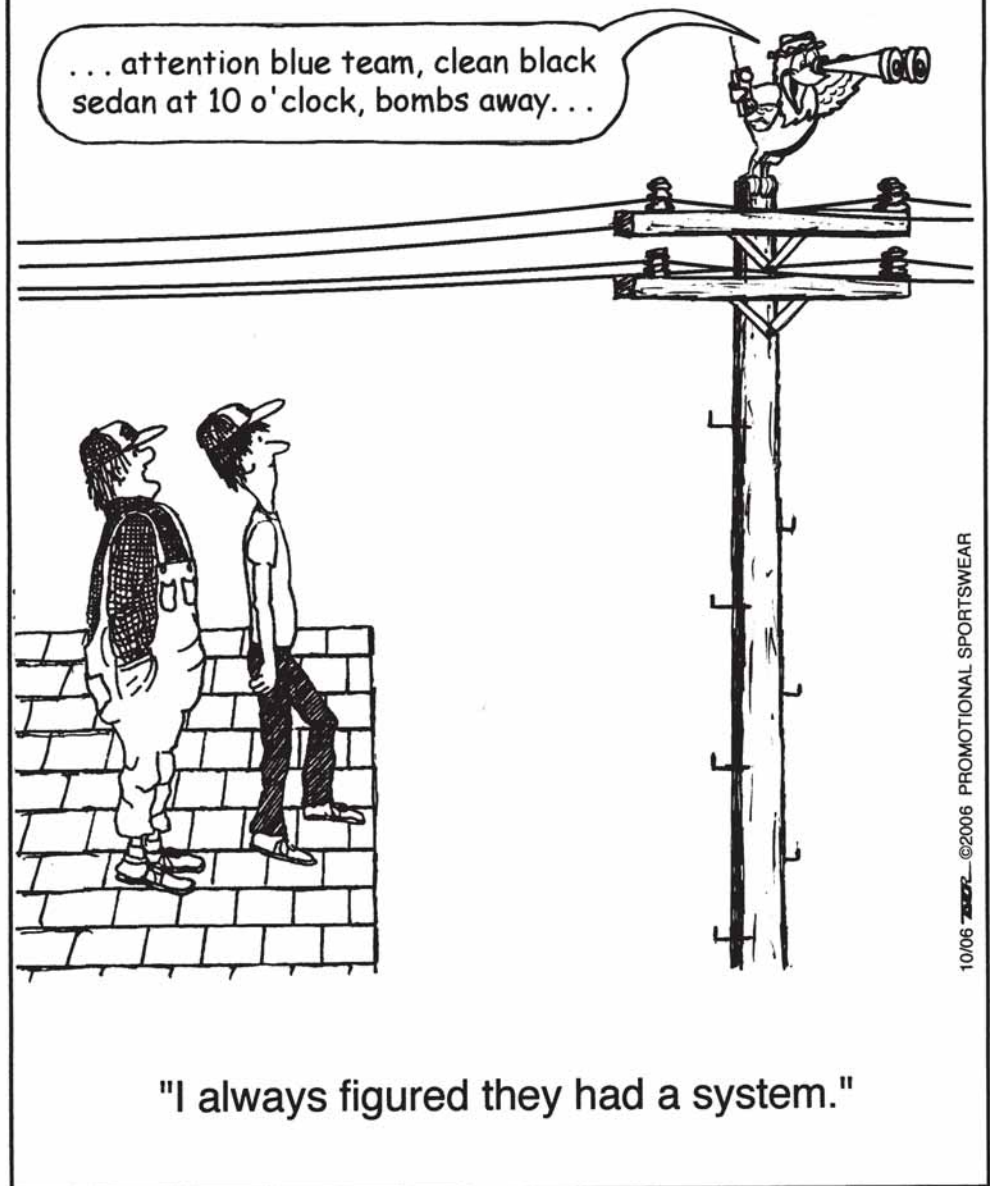
www.quality-edge.com

Quality Edge manufactures aluminum finishing products for your home. It manufactures high-quality aluminum soffits, fascia, window and door casings, flashing, and other perimeter products and accents. Quality Edge also offers decorative vinyl accents, including shakes and rounds.

As an industry leader, Quality Edge raised the bar by reducing lead times! Its lead times are second to none. Stocking orders are shipped within 72 hours and most custom orders within 10 days, allowing you to be responsive and reactive to your customers ever changing needs!

The company's innovation and custom capabilities are endless. Its design and product development team will work with your customer to create unique profiles to solve even the toughest problem. Quality Edge focuses on customer driven product innovation, and like NEMEON, employing best practices and utilizing current technology to keep Quality Edge a dynamic growing company.

RUFUS LEAKIN by SOUTH COAST SHINGLE CO., INC.



New NEMEON Members

American Building & Roofing

Snohomish, Wash.
Contact: Marc Morgan

Complete Supply

Willowbrook, Ill.
Contact: Eric Meinke

Home Worx Supply of Florida

Jacksonville, Fla.
Contact: John Doster

Lakeside Siding Supply

Heber Springs, Ark.
Contact: Danny Swanson

Quality Building Supply Company

Chicago, Ill.
Contact: Mark Exiner

VENDOR COMMITTEE

Marc Stewart
Stewart Building & Roofing Supply
Tucson, AZ
520-622-6775
marc@stewartbldg.com

Rick McLaughlin
Wholesale Roofing Supply
Grand Prairie, TX
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rickmcl@msn.com

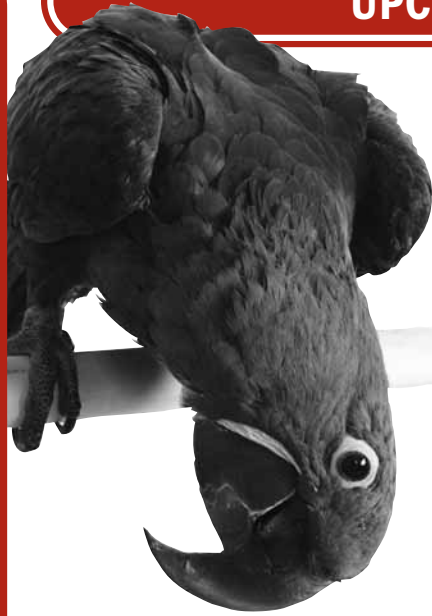
Jack Bone
Bone Roofing Supply
Chicago, IL
773-237-9740
brsjack@boneroofingsupply.com

Richard Evans
Kohl Building Products
Reading, PA
610-926-8800
revans@kohlbp.com

Dino Pappas
Roofers Supply, Inc.
Salt Lake City, UT
801-266-1311
dpappas@roofers.cc

Please contact the Vendor Committee to voice your opinions on perspective Preferred Vendors.

UPCOMING EVENTS



Changes in Latitudes, Changes in Attitudes

Mark your calendar for the NEMEON Annual Meeting in Palm Springs, Calif., January 27-29, 2008. This will be our first annual meeting not tied to a related convention.

Our preferred vendors will be in attendance and are extremely grateful to NEMEON for not extending their stay in Vegas this year. They are eager to meet with all of you.

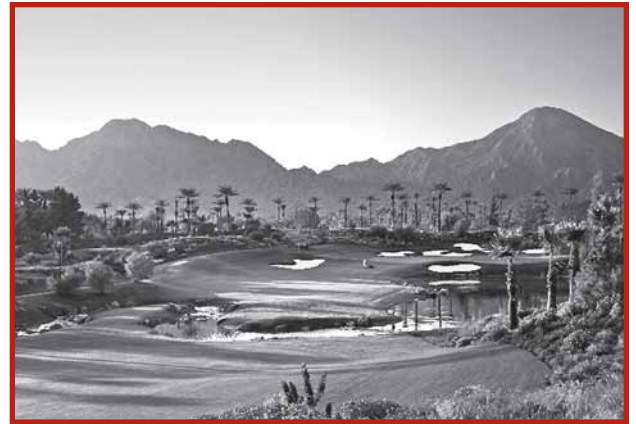
We also have some great activities lined up. You can't beat golf in Palm Springs especially in January. We will be holding our annual tournament. Rudy Ruettiger will be our Key Note

Speaker at our annual banquet. If you have ever seen the movie "Rudy", you know the story. If you have not seen the movie, rent it before the meeting.

We are also planning a break-out session titled "Principals Only". Topics will focus on the challenges and opportunities of succession planning. For those non-owners in attendance we will also have a break-out session on negotiation skills.

Finally, we will have an opportunity to grow the fire that has been sparked at our New York meeting. We had 39 member companies represented and it was described as the best meeting we have had to date. Imagine the horsepower with 158 member companies represented in one room!

Meeting registration will be going out soon. So keep your eye out for it and register early. ■



NEMEON FUTURE TIMELINE

Mark Your Calendars

**NEMEON
Annual Meeting**
January 27-29, 2008
Renaissance Esmeralda
Indian Wells, Calif.

International Builders' Show
February 13-16, 2008
Orlando, Fla.

International Roofing Expo
February 21-23, 2008
Las Vegas, Nev.

International Builders' Show
June 8-11, 2008
Paris Hotel & Casino
Las Vegas, Nev.

**LOOKING
FORWARD**



If you would like to submit a timely news item for publication, contact: Teri Ditsch at 800-940-6027 or e-mail at tditsch@nemeon.com.