

The Keller Manufacturing Company, Inc. Reports Results For 2007

LOUISVILLE, KY February 29, 2008 - The Keller Manufacturing Company, Inc., an Indiana corporation ("Keller" or "KMFI.PK"), announced today its 2007 year end financials and its return to operational profitability. Audited financial statements for 2007 now posted on the Keller website (www.kellermanufacturing.com) revealed Keller had \$77,331 in operating income and a gain in shareholder's equity from a deficit in 2006 of (\$3,349,544) to shareholder's equity of \$1,170,054 in 2007, due primarily to the termination of the pension plan as discussed below. This was Keller's first year to recognize operating income since 2000 and first year to return to positive shareholder's equity since 2003. For 2007, Keller reported a net loss of (\$1,167,729) and comprehensive income of \$4,507,448.

Keller's operating income was the result of the continued growth and performance of Keller's operational subsidiary, Paragon Door Designs, Inc., ("Paragon"). The significant increase in shareholder's equity from 2006 to 2007 was the result of the settlement Keller reached with the Pension Board Guaranty Corporation ("PBGC") related to Keller's decision to terminate The Keller Manufacturing Company Employee's Pension Plan ("The Plan"). On December 21, 2007, Keller announced it had entered into a settlement agreement which released Keller from further liability to The Plan. Additional information about the settlement can be found on Keller's website (www.kellermanufacturing.com) in the press release of December 21, 2007.

Paragon has been profitable for many years and had operating income of \$174,192 on \$4,729,716 net sales in 2007. From 2006 to 2007, Paragon's net sales increased over 9% and its operational income increased over 72%.

In its history, Keller has experienced several corporate adaptations as it has responded to the pressures and opportunities of the domestic and international manufacturing environments. In January of 2005, Keller announced that it was exiting all furniture operations and would begin a search for a new operating business. In January of 2006 Keller announced the acquisition of approximately 85% equity interest in Paragon. Founded in 1993, Paragon offers custom steel and fiberglass residential entry doors and storm doors with a variety of glass styles and finishes. Paragon sells through a network of window and door dealers, remodelers, and home improvement companies in 20 states. Paragon Founder, President, and Chief Executive Officer, David N. Burks, an industry veteran with over 25 years of experience, owns the balance of the equity not acquired by Keller.

The Keller Manufacturing Company, Inc. shares trade on the Pink Sheets (www.pinksheets.com) over-the-counter market under the symbol "KMFI" (or "KMFI.pk"). Keller is no longer registered with the Securities and Exchange Commission ("SEC") and therefore does not file reports with the SEC. Keller has 4,965,224 shares issued and outstanding as of December 31, 2007.

The news release contains certain statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements may include statements regarding the intent, belief or current expectations of the Company or its officers with respect to (i) the Company’s strategic plans, (ii) the policies of the Company regarding capital expenditures, dividends, financing and other matters, and (iii) industry trends affecting the Company’s financial condition or results of operations. Readers of this news release are cautioned that reliance on any forward-looking statement involves risks and uncertainties. Although the Company believes that the assumptions on which the forward-looking statements contained herein are based are reasonable, any of those assumptions could prove to be inaccurate given the inherent uncertainties as to the occurrence or nonoccurrence of future events. There can be no assurance that the forward looking statements contained in this news release will prove to be accurate. The inclusion of a forward-looking statement herein should not be regarded as a representation by the Company that the Company’s objectives will be achieved. Additional information regarding these and other risks and uncertainties is contained in our condensed consolidated statement of earnings attached hereto and in the 2007 audited financial statements posted on our website www.kellermanufacturing.com.

For more information about Keller, visit our website www.kellermanufacturing.com. For more information about Keller’s subsidiary, Paragon, visit their website at www.paragondoor.com

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Consolidated Balance Sheets

The Keller Manufacturing Company, Inc. and Subsidiary

	December 31	
	2007	2006
Assets		
Current Assets		
Cash and cash equivalents	\$ 12,697	\$ 40,937
Accounts receivable, less allowance for doubtful accounts of \$48,000 each year	634,673	486,645
Inventories	434,887	433,506
Prepaid expenses and other	68,523	71,357
Deferred income taxes	35,000	-
Total Current Assets	1,185,780	1,032,445
Property and Equipment, net	196,552	109,097
Deferred Income Taxes	215,000	-
Goodwill	703,444	703,444
Total Assets	<u>\$ 2,300,776</u>	<u>\$ 1,844,986</u>
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Checks issued in excess of deposits	\$ 79,906	
Line of credit	176,010	\$ 198,000
Accounts payable	150,917	184,798
Accrued expenses	312,902	224,076
Current maturities of note payable	28,854	-
Total Current Liabilities	748,589	606,874
Accrued Pension Liability		4,587,656
Note Payable , less current portion	373,146	-
Total Liabilities	1,121,735	5,194,530
Minority Interest	8,987	-
Stockholders' Equity (Deficit)		
Common Stock, no par value, 40,000,000 shares authorized, 4,965,224 and 4,920,224, respectively, shares issued and outstanding	462,973	450,823
Additional paid-in capital	29,190	29,190
Retained earnings	677,891	1,845,620
Accumulated other comprehensive loss	-	(5,675,177)
Total Stockholders' Equity (Deficit)	1,170,054	(3,349,544)
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 2,300,776</u>	<u>\$ 1,844,986</u>

See Notes to Consolidated Financial Statements

Consolidated Statements of Operations and Other Comprehensive Income (Loss)

The Keller Manufacturing Company, Inc. and Subsidiary

	Year Ended December 31	
	2007	2006
Net Sales	\$ 4,729,716	\$ 4,329,208
Cost of Goods Sold	<u>3,435,591</u>	<u>3,114,899</u>
Gross Profit	1,294,125	1,214,309
Selling, General and Administrative Expenses	<u>1,216,794</u>	<u>1,230,700</u>
Operating Income (Loss)	77,331	(16,391)
Effect of Pension Plan Termination	(1,487,521)	-
Other Income (Expense), Net	<u>15,047</u>	<u>(10,630)</u>
Net Loss Before Income Taxes	(1,395,143)	(27,021)
Income Tax Benefit (Expense)	<u>250,000</u>	<u>(4,272)</u>
Net Loss Before Minority Interest	(1,145,143)	(31,293)
Minority Interest in Income of Consolidated Subsidiary	<u>(22,586)</u>	<u>-</u>
Net Loss	(1,167,729)	(31,293)
Effect of Pension Plan Termination	5,675,177	
Additional Pension Liability Adjustment	<u>-</u>	<u>(266,420)</u>
Total Other Comprehensive Income (Loss)	<u>\$ 4,507,448</u>	<u>\$ (297,713)</u>

See Notes to Consolidated Financial Statements