



# 2008 ANNUAL REPORT

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Dear Valued Shareholder,

2008 was a year of transformation for our company. We started the year as an auction website and we ended the year positioned to become the leader in excess inventory solutions.

At this time last year, we announced our new strategy that leveraged the primary asset of our company which is our ability to help the world's most trusted brands solve their excess inventory problems. We made this decision to focus entirely on excess inventory after seeing a real opportunity to become the industry leader in an industry that has none.

We spent all of 2008 working to create a comprehensive, multi-channel excess inventory solutions company for our retail, manufacturer, and distributor partners. We invested heavily in the new strategy and, in addition to restructuring and upgrading infrastructure, we created five excess inventory sales channels that make up Enable Holdings: auction solution uBid.com, fixed-price solution RedTag.com, business-to-business solution Dibu Trading Corporation, physical liquidation solution RedTag Live!, and private auction software solution Commerce Innovations.

The restructuring was completed in November 2008, and the new company was launched in December of 2008. The retooling required significant investment, but it was necessary to put us in position to become a market leader. However, the company hasn't raised money since 2005 and, as a result, we have exhausted our operating cash and are in need of additional financing.

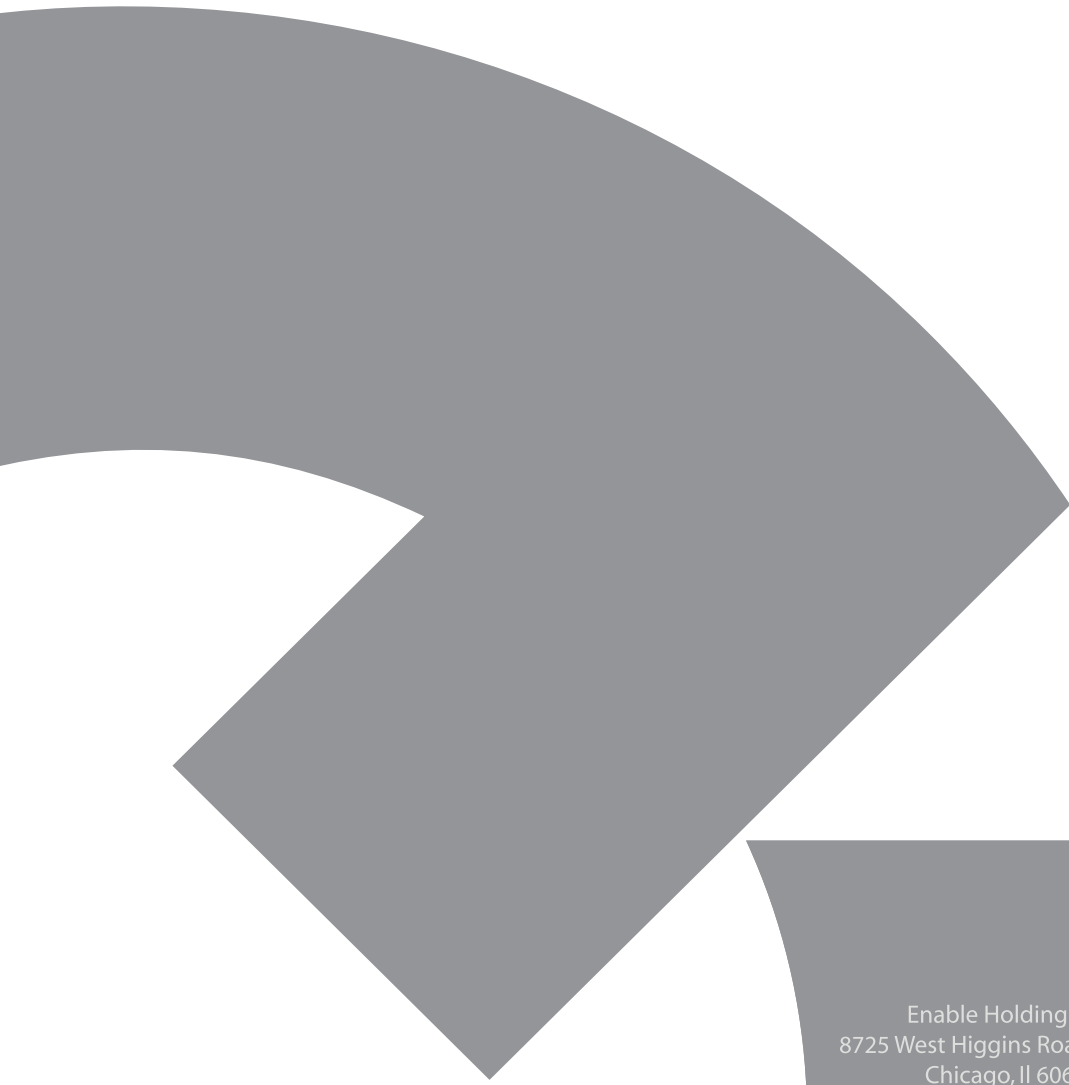
We're confident that we are headed down the right strategic path. We have been streamlining the operations, and the focus of the company has been solely on profitability on a cash flow basis. We reduced our workforce by nearly 50% as well as reduced our operating cost by nearly 50%. Our investment in our new back-office ERP system, Microsoft AX, will allow Enable Holdings to conduct commerce internationally while achieving significant monthly savings when fully implemented. We launched a new Fine Art category on uBid that quickly became a top category. Our new Register page on uBid is converting visitors to registrants 39% more efficiently than the previous design. Our reduced uBid marketing spend is attracting more targeted web traffic and sales have shown steady improvement on uBid in Q1 2009.

Our 2008 financials reflect losses of approximately \$16 million, and we are fully aware of that. However, our overall net loss is a little deceiving to the naked eye. We invested \$4.184 million in the restructuring and transformation of the company into Enable Holdings, Inc. while inverting the business model. Additionally, our non-cash write downs totaled \$3.5 million, some of which can be attributed to interest expense related to the issuance of warrants for financing. So nearly 50% of the \$16 million in losses can be attributed to investment in our new business model and non-cash write downs and warrants, as opposed to operating losses.

While I'm enthused by these indicators of achievement among others, additional financing is required to continue operations. The current economy has proved challenging for those pursuing financing and other circumstances specific to our company have provided additional challenges. But I am happy to report we have raised the first tranche of financing and we are working tirelessly to secure the additional financing that is required for Enable Holdings to succeed.

Jeff Hoffman  
CEO





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