

Commitment to *growth* by Advancing Our Strengths

2008 **Annual Report**



Leadership Brands Helping Customers Grow!

About Myers Industries

Founded in 1933, Myers Industries is an international manufacturer of polymer products for industrial, agricultural, automotive, commercial and consumer markets. We are North America's leading manufacturer of reusable plastic containers and pallets used in material handling, as well as a leading producer of plastic horticultural containers, trays and decorative flower planters. Other principal product lines include plastic storage and organization containers, molded rubber original equipment parts, rubber tire repair products and custom rubber and plastic components.

The Company is also the largest wholesale distributor of tools, equipment and supplies for the tire, wheel and undervehicle service industry in the U.S. Our distribution products range from tire balancers and alignment systems to repair tools, valves and other consumable services supplies.

Headquartered in Akron, Ohio, Myers Industries encompasses manufacturing facilities in North and South America, distribution branches covering North and Central America and more than 3,600 employees.

Strategic Evolution for Sustainable Growth

Myers Industries' growth is fueled by the Company's Strategic Business Evolution plan, which is built around five key operating principles: 1) Business Growth, 2) Customer Satisfaction, 3) Cost Control, 4) Organizational Development and 5) Positioning the Business for the Future. These principles focus on aligning our business for sustainable, profitable growth—through product innovation, development of new markets, acquisitions, productivity initiatives, capital effectiveness and, as necessary, business reorganization.

All of these areas work together with numerous other activities to strengthen our value-added, customer-preferred product and service solutions. They position our brands in niche markets as either number one or number two in market share.

Through our commitment to these five key operating principles, the Company expects to continue to generate strong cash flow. This allows for reinvestment to enhance growth in our chosen businesses, debt reduction, improving shareholder value and achievement of the Company's overall Strategic Objective.

Strategic Objective

"Myers Industries' Strategic Objective is to deliver sustainable, profitable growth across our markets and to improve the financial health for our customers, shareholders and employees."

Corporate Culture

In achieving its Strategic Objective, Myers Industries follows a precise set of corporate values that form its business culture:

- Customers, Shareholders and Employees First
- Business and Personal Integrity
- Strong, Ethical Leadership
- Commitment to Quality and Safety
- Environmental Stewardship
- Fiscal Responsibility

Contents

Inside
Front Cover

Business Profile & Operating Strategy

1

Myers Industries at a Glance

An overview of Myers Industries' business segments, brands, products and key markets.

2

2008 Financial Highlights

Key financial measures of Myers Industries' 2008 financial performance.

3

Letter to Shareholders

President and Chief Executive Officer John C. Orr discusses the Company's performance in 2008 and the strategy for building sustainable, profitable growth in 2009 and beyond.

12

Investor Relations Information

Board of Directors, Corporate Officers and Shareholder Information.

Insert

2008 Form 10-K

Inside
Back Cover

Capabilities & Facilities

A look at Myers Industries' manufacturing and distribution footprint.

Back Cover

Strategic Business Evolution

An overview of the key points in Myers Industries' Business Strategy.

Commitment to *growth* by Advancing Our Strengths



Leadership Brands Helping Customers Grow!

Myers Industries at a Glance

Brand strength and success across the four business segments of Myers Industries is rooted in the Company's rigorous attention to customer satisfaction – whether it's a component of new product innovation, consistent quality or just listening to a customer and delivering the best solution for exceptional performance.

Below is a quick reference to Myers Industries' brands, products and markets that are discussed throughout this Annual Report.



Lawn & Garden

Leading brands for plastic pots, trays, baskets and decorative resin planters for the professional grower industry and retail garden centers...

- Plastic Flowerpots & Tray Systems
- Hanging Baskets
- Decorative Resin Planters
- Merchandising & Branding Programs

Key Markets...

- Greenhouse Growers
- Nursery Growers
- Grower Distributors
- Retail Garden Centers



Material Handling

The most recognized brands for reusable containers and pallets to replace cardboard boxes and other disposable packaging – reducing supply chain waste and costs...

- Plastic Reusable Containers & Pallets
- Plastic Storage Bins & Systems
- Metal Wire Shelving Systems
- Custom Material Handling Products

Key Markets...

- Agriculture / Seed
- Beverage Processing
- Food Processing
- Industrial / Manufacturing
- Retail Distribution



Distribution

The largest U.S. distributor of tools, equipment and supplies for the tire, wheel and undervehicle service industry...

- Tire Valves & Accessories
- Tire Changing & Balancing Equipment
- Lifts & Alignment Equipment
- Tire Repair & Retread Supplies

Key Markets...

- Auto Dealers
- Auto Repair Facilities
- Commercial Auto & Truck Fleets
- Retail Tire Dealers
- Retreaders
- Truck Tire Dealers



Automotive & Custom

Engineered rubber and plastic components, custom products and tire repair products serving diverse niche markets...

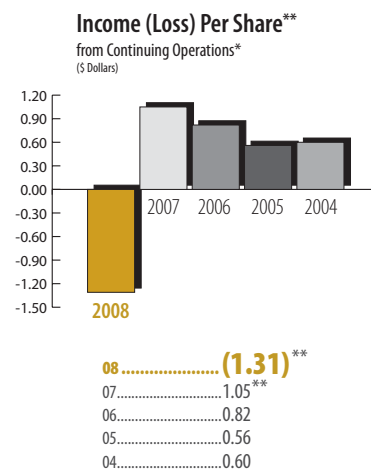
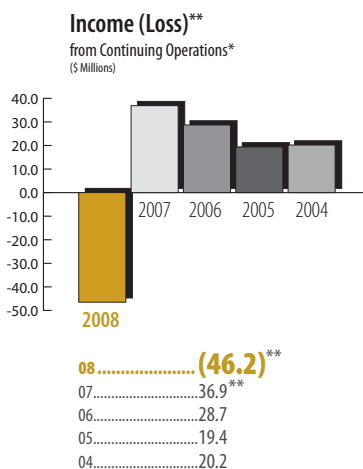
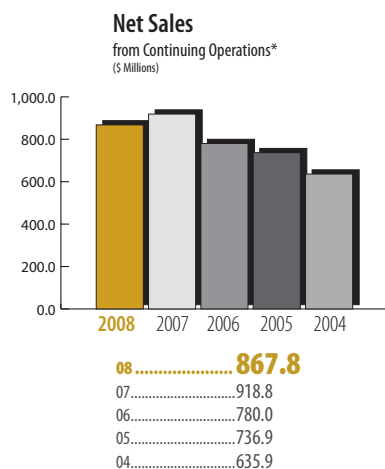
- Plastic HVAC Systems
- Rubber Air Intake Hoses
- Industrial Rubber Sheet Stock
- Custom Rubber & Plastic Components
- Tire Repair & Retread Products

Key Markets...

- Agriculture
- Automotive
- Heavy Truck
- Industrial
- Marine
- Recreational Vehicle
- Tire Repair
- Waterworks

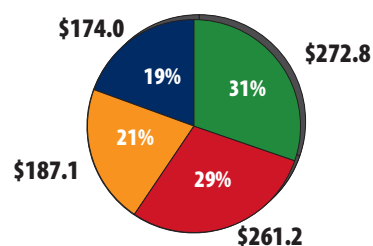


2008 Financial Highlights – As Reported



* Continuing operations include the Lawn and Garden, North American Material Handling, Distribution and Automotive and Custom Segments. **Including special pre-tax items as shown in note (2) below.

Percent of Total Net Sales by Segment*** from Continuing Operations (\$ Millions)



***Segment results may not total due to eliminations; percentages may not add due to rounding.

Dollars In Thousands (Except Per Share Data)

Continuing Operations for the Year

	2008	2007	% Change
Net Sales	\$867,830	\$918,793	(6.0)
Operating Income (Loss)	(35,484)	45,801	—
Other Income (1)	—	26,750	—
Income (Loss) Before Taxes (2)	(46,993)	57,051	—
Income (Loss)	(46,225)	36,948	—
Income (Loss) Per Common Share	(1.31)	1.05	—

Financial Position At Year-End

	2008	2007	% Change
Working Capital	\$135,678	\$119,335	13.7
Total Debt	171,567	170,880	0.4
Shareholders' Equity	252,839	317,270	(20.3)
Book Value Per Common Share	7.18	9.02	(20.4)

Other Data

	2008	2007	% Change
Dividends Per Common Share (3)	0.24	0.50	(52.0)
Average Common Shares Outstanding	35,211,811	35,140,581	0.2

(1) A non-operating income gain of \$26.8 million (\$35.0 million, net of related expenses) was recognized during the fourth quarter of 2007. This income resulted from payment by GS Capital Partners (GSCP) of the previously agreed upon \$35.0 million termination fee related to the Company's proposed merger transaction.

(2) 2008 Income (Loss) Before Taxes includes special items of:

- the non-cash goodwill impairment charge of approximately \$60.1 million recorded in the fourth quarter due to market conditions in the Automotive and Custom Segment.
- expenses of approximately \$18.1 million, primarily in connection with the Company's restructuring in the Lawn and Garden Segment. Approximately \$9.2 million of these relate to non-cash impairment of fixed assets from closure and consolidation of manufacturing facilities.

2007 Income Before Taxes includes special items of:

- the \$26.8 million gain related to the Company's proposed merger transaction (see 1);
- restructuring and severance expenses and purchase accounting adjustments aggregating approximately \$9.5 million;
- merger related expenses of approximately \$4.7 million; and
- foreign currency transaction losses of approximately \$4.7 million.

(3) Dividends in 2007 include regular dividends of \$0.0525 in the first, second and third quarters; a fourth quarter dividend of \$0.06; and a special dividend of \$0.28, which was paid January 2, 2008.

growth

by Advancing Our Strengths

President's Message:

Dear Fellow Shareholders,

Today's Myers Industries was born out of a small, family-owned tire service supply business that overcame the challenges of the Great Depression. Over the ensuing years, the business emerged stronger and was transformed into a diverse manufacturing and distribution enterprise through a simple, yet often complex formula: staying close to customers and delivering superior products, services and solutions that contributed to their success.

The achievements of that formula are now 75 years strong and were built on commitment – commitment to key principles of **business growth, customer satisfaction, cost control, organizational development and positioning the business for the future.**

In no time since the Company's founding have the challenges been greater than in 2008 and continuing in 2009 – and never a time that those five key principles are more important. These are the guideposts of our Strategic Business Evolution process. They are being rigorously applied across our business to mitigate the effects of the global economic crisis – a crisis fueled by a meltdown in the credit and financial markets, record-high raw material prices and demand deterioration in all of our markets as our customers' businesses weakened. These challenges are especially frustrating because they are beyond our direct control.

Clearly, our results for 2008 reflect the full impact of these challenges, but they also reflect both benefits and costs from our own internal actions to strengthen and improve long-term performance across the Company:

- Net sales from continuing operations were \$867.8 million, reinforced by the effect of increased selling prices. This enabled us to recover most of the costs from historically high raw material prices. Selling prices could not, however, offset declining demand and unit volumes across our markets.
- After excluding a non-cash goodwill impairment charge of approximately \$60.1 million in the fourth quarter, as well as other special pre-tax expenses during the year, we achieved adjusted income from continuing operations of approximately \$18.7 million or \$0.53 per share. This compares to approximately \$31.9 million or \$0.91 per share in 2007, excluding special pre-tax items.
- Including the impairment charge and other special pre-tax expenses in 2008, we reported a loss from continuing operations, net of taxes, of \$46.2 million or \$1.31 per share. Including special pre-tax items, in 2007 we had income from continuing operations of \$36.9 million or \$1.05 per share.
- The impairment charge relates to the write-down of goodwill in our Automotive and Custom Segment from acquisitions in 1995 and 2004. It reflects year-end conditions in automotive, RV and other markets served by those businesses.

- Other special pre-tax expenses for 2008 were approximately \$18.1 million, primarily from expenses related to restructuring in our Lawn and Garden Segment. This compares to special pre-tax expenses in 2007 of approximately \$18.9 million, and non-operational income of \$26.8 million from a termination payment related to the Company's proposed merger transaction.

Our actions produced solid operating results in a very difficult operating environment.

- The Company generated strong cash flow from operations of approximately \$60 million.
- Since going public in 1971, we have paid dividends to our shareholders. In 2008, cash dividends paid were \$18.3 million, including a special dividend of \$9.9 million accrued in 2007. We increased the regular quarterly cash dividend by 14 percent to \$0.06 per share and paid the special dividend of \$0.28 per share. This reflects our confidence in the financial strength of Myers Industries and our commitment to improve shareholder value.
- Capital expenditures were approximately \$41 million in 2008 as compared to \$20 million in 2007. This exceeded our projection of \$20 to \$25 million for 2008 and reflects opportunistic investment in production technology required to fuel new product development and future productivity savings.
- The Company's financial position is strong, and at December 31, 2008, we had more than \$185 million of available borrowing under our \$250 million Credit Agreement, which expires in 2011. We remain in compliance with all of our debt covenants, and we believe cash flow from operations and available credit facilities will be sufficient to meet expected business requirements in 2009.

I am proud of our employees and how they demonstrated their unwavering commitment to Myers Industries' success in 2008. Despite many obstacles, we remained focused on the actions we could control, such as increasing product pricing, staying close to our customers and developing channels for long-term growth. In addition, we continued to drive operational initiatives to reduce our cost structure and maximize cash flow. Our actions produced solid operating results in a very difficult operating environment.

That's what I mean by "commitment" – a commitment to actions that are the catalysts for growth and higher value for all stakeholders. And just as our message on the front cover declares, our commitment is to **'Growth by Advancing Our Strengths.'** How we intend to accomplish this is what I want to discuss in the remainder of this letter.

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Put simply, we expect to advance our strengths through our five key operating principles, with disciplined execution of:

- 1) **Business Growth:** Our brands are strong, new markets and sales channels are emerging and our capabilities for creating higher levels of value-added solutions for our customers are growing even stronger. We will continue to invest and harness the power of these opportunities.
- 2) **Customer Satisfaction:** Along with our activities for business growth is our deep commitment to customers who rely on our innovation, quality and service. We will continue to develop these qualities to further strengthen customer relationships and preference for our brands. This fuels higher sales and profits.
- 3) **Cost Control:** We are focused on being more nimble to balance our product pricing with volatile raw material price cycles, as well as achieving greater operating efficiency and cost structures. We have done much to improve in these areas, yet there is still more to be done.
- 4) **Organizational Development:** Our people are the core of the business. We will continue to invest in strategic personnel and management development, while energizing and motivating our team to drive for greater productivity and flexibility to meet our customers' needs.
- 5) **Positioning the Business for the Future:** Here, all of our strengths come together – from new product development to optimizing manufacturing and distribution capabilities; from maintaining strong cash flow to minimizing business risks. Our goal is sustainable, profitable growth no matter the economic conditions.

Now, let me put each of these five areas in more perspective and discuss what was done in 2008 and how we will proceed in 2009.

Strengths for Business Growth

Our strengths for business growth are demonstrated by our commitment to listening to our customers and delivering product and service solutions that create excitement in our markets. A focus on solutions drives value-added activities at all levels – from innovative new products that present high margin potential to new technologies that lap the competition.

Throughout our business segments in 2008, we applied the power of solutions through our brands to stay close to customers, anticipate their needs and look ahead to make decisions that will support long-term growth.

- In our **Lawn and Garden Segment**, the market saw consumer buying slow in the spring due to an extended period of colder weather through much of the U.S. Along with the economic downturn, consumer spending was further weakened, and orders from retail garden centers to professional growers declined. Our customers, the growers, thereby reduced their order volumes for our products. In the fourth quarter of 2008, with many retailers uncertain of their garden center needs for the spring 2009 season, most growers were delaying their container purchases into the first quarter of 2009.

Despite the difficulties last year, we worked closely with growers to develop and deliver products to make their production more efficient – thus we ensured they had the containers needed for just-in-time delivery of plants to retailers. We maintained our pricing and cost control vigilance to offset dramatic raw material cost inflation. We also began a collaboration with top industry distributors to reduce costs in the ‘manufacturer – distributor – grower – retailer’ supply chain by sharing best practices of the industry. This relationship will help us become even more proactive in meeting the needs of professional growers.

In the latter half of 2008, much of our attention was spent on restructuring and realignment of our Lawn and Garden manufacturing footprint. This extensive project is aimed at reducing costs, improving productivity and enhancing customer service. Following the acquisition of ITML® in 2007, we set out to align our business to the needs of the market and reinforce our leadership position in this industry. I will discuss this project in greater detail in the Cost Control section.

We believe strongly that the *Myers Industries Lawn & Garden Group*® and its brands provide unmatched competitive advantages for our customers. We will enhance our close relationships with growers so we adjust to shorter lead times. We will invest in leading-edge manufacturing technology and leverage our improved infrastructure to vastly speed production. And while ‘guarded optimism’ is the position of growers and retailers in 2009, we know that gardening remains an important pursuit, especially in economic downturns when consumers spend more time at home with family – and the garden remains the perfect escape from everyday life.

- In 2008, our **Material Handling Segment** was severely constrained by raw material cost inflation and economic conditions that weakened customer spending in industrial markets. Still, we found pockets of opportunity for both near-term and long-term development. For example, we recognized the

A focus on solutions drives value-added activities at all levels...



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Lawn & Garden

Our plastic pots and trays are engineered to meet the unique needs of both nursery and greenhouse growing environments. We stay close to our customers, whose insights have led to new container designs that conserve water and innovative seedling trays with precise cell spacing for automated systems. Such solutions make us pivotal to improving their productivity and getting beautiful plants to market. Once there, our labeling and printing technologies allow growers and retailers to capture attention through stunning graphics and details on their pots that show consumers how to create perfect gardens. Our commitment to 'keeping growing businesses growing' is what makes us a strong leader in this category.

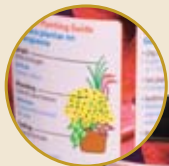
”

- **Marty Pierre** (c)
Director of Grower Sales

- **Regina Rose** (l)
Customer Service Manager

- **Chris Soltis** (r)
Regional Sales Manager (Central)

Commitment to *A Growing Business*



Grower to Garden... From flats for petunias to visually-stunning pots featuring colorful in-mold labeling, our selection and service helps growers bring a perfect “package” of plants and gardening instructions to market – keeping their sales and profits blooming. Innovations in decorative planters such as Glaze™ Resin Pottery impress retailers and capture the consumer’s imagination for creating beautiful indoor or outdoor container gardens.

Commitment to

Crushing Supply Chain Costs



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Material Handling

Eliminating dusty cardboard boxes and splintered wooden pallets. Reducing product damage. Improving efficiency. Lowering freight costs. These are just some of the challenges customers bring to us to convert and improve their material handling and supply chains with plastic reusable packaging. We anticipate their needs and deliver superior solutions, such as tote and pallet systems to easily carry components to assembly lines, bulk containers to safely transport and store liquid food products, and bin systems to quickly organize industrial and healthcare operations. Our competitive advantage and industry leadership is centered on value creation: how well our ideas, products, services, quality and manufacturing capabilities translate into performance improvement for our customers. And that fuels our commitment to crushing supply chain costs.

”

- Laura Manson

Industrial Market Manager, Akro-Mils®



Reuse, Recycle, Renew... With our Buckhorn® and Akro-Mils® brands, we implement eco-friendly reusable packaging programs throughout the Americas. Our industry-leading solutions not only empower customers to move, sort, store and handle their products with greater efficiency and lower supply chain costs, but also reduce the solid waste stream. Whether shipping industrial components or organizing distribution facilities, our reusable and recyclable products make a positive contribution to renewing and protecting the environment.

cost control

growing need for specialty storage and organization products in the healthcare industry. We introduced a new system of bins and racking units that can be quickly arranged to make care giving more efficient. Developments such as this help us to enhance our position with industrial catalogers and expand into niche medical supply channels. We also strengthened our capabilities to produce our Caliber™ and Citadel™ lines of reusable bulk liquid handling containers. These actions will support our growth in the tomato processing market, as well as new markets such as beverage processing, where our plastic containers offer distinct advantages in strength, hygiene and security compared to alternative shipping and storage containers. In addition, we invested in new manufacturing and automated handling technology to produce millions of plastic pallets over the next several years for a leading global pallet logistics provider.

Many expectations for growth in this segment last year were delayed by the recession. That said, our focus for 2009 is to capitalize on pent-up industrial demand while increasing our market share through new channels that have not been severely impacted by the economy. Examples of these are certain industrial, military, healthcare and food markets. Through our Buckhorn® and Akro-Mils® material handling brands, we will continue to create higher-value container and pallet solutions that take costs out of the customer's supply chain.

- For our **Distribution Segment** in 2008, strength for growth meant supporting our customers for just-in-time orders and delivery of products to meet their changing levels of tire service business. Throughout the year, our customers were adversely affected by a reduction in tire sales and a downturn in tire service activity in all major markets, from regional tire dealers to fleet service providers to national repair chains. The downturn was precipitated by higher fuel costs through most of the year, followed by the swift economic decline – both of which took their toll on a key industry statistic: the number of miles driven. In fact, miles driven in 2008 marked the largest continuous decline in American history, according to the U.S. Department of Transportation.

In this environment, the mission for Myers Tire Supply® was clear: deliver the right products at the right time; maintain exceptional customer service; identify areas for further expense reductions; and remain agile in purchasing, inventory and pricing management across product lines. By focusing on these areas and staying close to support our customers during their weakness, Myers Tire Supply strengthened bonds with customers and our reputation in our sales channels.

In 2009, our emphasis for business growth in Distribution will be to make certain we are the first call when our customers' markets improve. We will also concentrate on new sales avenues that leverage our broad distribution capabilities. For example, we will work with our current suppliers through a new sales channel, Myers Logistics™. This new venture will allow us to reach new customers and geographies, providing both supply and logistics services to large, multi-industry distribution businesses who seek single source suppliers to streamline their supply chain. In all, we have a solid foundation to further entrench our brand leadership in tire, wheel and related undervehicle service products distribution.

- Strength for business growth sometimes means making hard choices, as in our **Automotive and Custom Segment**. Despite new business and customer relationships in original equipment and custom molding markets, performance in the latter part of 2008 suffered from the collapse of automotive markets and further significant demand declines in heavy truck, recreational vehicle, marine, industrial and construction markets. Improved selling prices and expense controls could not offset the full impact of weak demand.

Market conditions in this segment during the fourth quarter required us to record a non-cash goodwill impairment charge of approximately \$60.1 million, related to acquired businesses serving automotive and other volatile manufacturing markets. Certain components of this business segment are under scrutiny for their continued fit within our overall business direction.

Strengths for Customer Satisfaction

Our strengths for customer satisfaction place our customers at the center of all of our efforts. That means fully understanding their businesses, identifying how something might be done faster or better or less costly.

There are many examples of our commitment to customer satisfaction, including: implementing advanced customer management technology in our Lawn and Garden Segment to speed order processing; developing custom selling materials that give industrial distributors a competitive edge; and increasing capabilities to produce seed containers for the growing agriculture market. As a result of efforts like these, customers view our brands as contributors to their success.

Serving highly satisfied customers is also a function of our emphasis on the value of consistent quality. Myers Industries' brands are well known for their high quality standards and processes that ensure products and services meet or exceed the customer's expectations.

**Our strengths for customer satisfaction
place our customers at the center of all of our efforts.**

people

In 2009, we will continue to grow customer satisfaction. That process begins and ends with our people who, at every level of the organization, are committed to improving the customer's business.

Strengths for Cost Control

Leading brands. Market potential. Superior customer service. None of these will deliver the profitable growth and increased value investors deserve if we're not equally strong at controlling costs and maximizing our cash flow. Our strengths in these areas produced positive effects in 2008, even in the tumultuous business climate. Our selling and administrative expenses decreased to 19.4 percent of net sales compared to 20.7 percent of net sales in 2007. We generated strong cash flow of approximately \$60 million, which we invested in the business and in returns to shareholders.

Nowhere was cost control more a priority last year than to combat raw material cost inflation, which was tied to the record-setting spikes in energy prices. Beginning in mid-2007 and continuing through 2008, suppliers of our plastic resins were rapidly increasing their prices to record highs. We took swift actions to structure selling prices to recover these increases. While our pricing cost us some sales volume along the way, there's nothing strategic about losing money by pricing products at unacceptable margins. Our steady action with pricing helped us to recover most raw material cost increases in our Lawn and Garden, Material Handling and Automotive and Custom businesses. Pricing, however, was not enough to offset the dramatic decline in demand from end markets.

To alleviate some of our pressure from the resin markets, we continue to evolve our resin reprocessing programs. We expect to increase our capabilities in this process and apply recycled material in our products, where appropriate. With this program, we can reduce both our costs and the waste stream.

As stated earlier, our most significant project started in 2008 involves the restructuring and optimization of our Lawn and Garden Segment – a program which is slated to drive \$20 million in annualized pre-tax savings beginning in the last half of 2009. We engaged operational professionals to help analyze areas for improvement, guide our team through implementation and define key metrics to ensure improvements are both achieved and maintained. Our efforts are in three core areas: manufacturing capacity realignment; distribution and supply chain streamlining; and forecasting, workflow and inventory management programs. We have now entered the

largest phase of the project, which encompasses the closure of three facilities and a workforce reduction of approximately 200 people. By consolidating production to key geographies, we can fully utilize our high-speed molding capacity, reduce operating costs and strengthen customer service. With this project, we are enhancing our competitive position in our Lawn and Garden category – putting us in greater alignment with the needs of our customers and setting the stage for improved productivity and profitability.

As in the above project, cost control in 2008 did not come without a 'human' cost. Our Material Handling and Automotive and Custom segments incurred extended plant shutdowns and both temporary and permanent manning reductions. With such corrective actions necessary, it was appropriate to forgo benefits under the Company's management bonus program and profit sharing contribution in 2008, totaling approximately \$3.5 million. In addition, a hiring restriction was implemented, and wages and merit increases were frozen company wide at the beginning of 2009. These actions are in the best interest of the Company and shareholders given the recessionary operating environment.

Looking into 2009 and beyond, working capital management remains a touchstone for continuous improvement in our business, and we will enact further initiatives to enhance performance and drive contributions to cash flow. We benefit from a solid balance sheet and two key metrics – profitability and cash flow. These are critical factors to support increased value over the long term.

Strengths for Organizational Development

In organizational development, we seek the best people and emphasize continuous training to improve their individual and team skills. We will continue our initiatives to have 'the right people in the right positions,' with succession plans ready to be put in motion at a moment's notice.

For example, in 2008, we repositioned our managing director of Material Handling into Lawn and Garden, leveraging his manufacturing operations talent to direct the realignment in that business. In doing so, we elevated another key manager from within Material Handling in a smooth transition, calling on his broad expertise in supply chain management and packaging to now lead that business.

Drilling deeper into the organization, we reorganized to create finance directors responsible for each of our business segments. These positions provide the financial reporting and real-time analysis we need to determine

We benefit from a solid balance sheet and two key metrics – profitability and cash flow. These are critical factors to support increased value over the long term.



Commitment to
Strong Relationships



Distribution

We are closer to the customer than anyone else in our industry, a position built on 75 years of invaluable hands-on work in tire service markets. We are dedicated to being first with solutions to make our customers' jobs easier, more productive and profitable. Like all of the Myers Industries businesses, Myers Tire Supply® is driven to forge strong, long-term relationships with our customers – relationships built on trust and value creation. That value comes from: interaction with customers to understand their specific business, whether it's a national auto service chain or regional tire dealer; forecasting their service bay needs to make sure they have the right tire changers, wheel weights or tire valves precisely when they need them; and on-site training for new service products and tire repair techniques. Our relationships continue to grow in size and quality, which leads to new channels of distribution.



- Richard Twitty

Customer Service Supervisor, Myers Tire Supply®



Superior Selection & Service... In Distribution, our Myers Tire Supply® brand delivers the value of one-stop-shopping for tire, wheel and undervehicle service tools, equipment and supplies – everything that professionals need to service passenger, truck and off-road tires. With an unrivaled product selection supported by on-site customer service, nationwide branches, international affiliates and innovative customer management technology, we are the North American leader in our category to keep cars and trucks moving down the road.

Commitment to *Opportunity & Solutions*



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Automotive & Custom

The idea around 'solutions' is to go beyond simply offering a selection of products. It goes directly to identifying an opportunity and improving the customer's performance with something custom-tailored to fit a precise need. Opportunity and solutions are a unifying thread for the Myers Industries brands and segments, and especially in the Custom arena. From new products in existing markets to new applications and geographies, our expertise in rubber and plastics engineering and manufacturing allows us to deliver products distinctive in value. That, in turn, helps our customers grow more productive and profitable.

”

- Jeff Young

Director of Sales, Patch Rubber Company®



Opportunity to Grow On... From unique under-hood components for heavy trucks to the most comprehensive line of tire repair products, Myers Industries' Automotive and Custom Segment brands present a broad portfolio of plastic and rubber products for diverse niche markets. This segment's brands are characterized by deep engineering and molding expertise, as well as strong reputations for quality and customer satisfaction with industry-leading companies. These strengths present opportunity for growth avenues both within and outside its traditional markets.

future

immediately where performance is being met, or where we need to work harder to achieve our goals. In addition, we created a corporate materials application function, which will lead initiatives in the use of recycled materials in our product lines.

In 2009, we will continue to strengthen our organization and secure our future with an exceptional pool of talent. We will also further develop a proactive work culture, an environment in which employees are empowered to do what they believe is best for the business and what is right for the customer. These actions will build value for all stakeholders.

Strengths for Positioning the Business for the Future

Myers Industries has a tremendous collection of assets – our strengths that are solidly positioning the business for the future. Through the ongoing business commitments emphasized here, we will continue our transformation to meet the challenges of tomorrow. We are energized and motivated to deliver on our commitments by:

- **Enhancing** innovation and solutions to create the next-generation of products needed by our customers;
- **Expanding** leadership in our markets with multiple growth platforms;
- **Cultivating** new niche markets where we see both higher value returns and a significant need for our products and services;
- **Aligning** our operations to decrease costs and increase productivity;
- **Increasing** working capital management initiatives – a key to maximizing free cash flow;
- **Investing** in new technologies to make ourselves even more competitive and relevant to our customers;
- **Divesting** businesses that do not fit within our strongest competencies;
- **Continuing** selective acquisitions to reinforce our strengths; and
- **Maintaining** our strong commitment to corporate responsibility and integrity. Myers Industries' growth will never come at the expense of sound corporate governance and fiscal responsibility.

In Closing...

We see 2009 as undoubtedly challenging. Under current circumstances, it's very difficult to accurately forecast the near-term outlook. Nevertheless, we are confident in our business strategy and its five key operating principles. Our growth opportunities and competitive advantages are clear:


- Our solutions-based products and services will strengthen growth platforms.
- Our unwavering focus on customer satisfaction will deliver customer loyalty and open new avenues of opportunity.
- Ongoing cost control, improvement initiatives and a strong balance sheet support our drive for higher levels of profitable growth.
- A strong leadership team provides the right infrastructure of people to execute our plans.

In short, we have the framework and realistic plans necessary to manage through this downturn and deliver on our **commitment to growth by advancing our strengths**.

I want to take this opportunity to recognize Richard Osborne for his 30 years of service on the Myers Industries Board of Directors. Richard is retiring as of the date of our Annual Meeting in April. On behalf of everyone in the Company, we thank him for his insightful counsel and guidance and wish him well.

Once again, I thank our employees for their efforts in 2008 and their commitment to success in 2009. And Myers Industries certainly appreciates the continued confidence of our valued customers and shareholders.

Respectfully Submitted,



John C. Orr
President and Chief Executive Officer
March 10, 2009



In short, we have the framework and realistic plans necessary to manage through this downturn and deliver on our commitment to growth by advancing our strengths.

Board of Directors:

Keith A. Brown

President, Chimera Corp.

Vincent C. Byrd

President, U.S. Retail, Coffee, The J.M. Smucker Company

Richard P. Johnston

Private Equity Investor

Edward W. Kissel

President and Managing Partner, Kissel Group Ltd.

Stephen E. Myers

Chairman of the Board of Directors, Myers Industries, Inc.

John C. Orr

President and Chief Executive Officer, Myers Industries, Inc.

Richard L. Osborne

Professor for the Practice of Management,
Case Western Reserve University

Jon H. Outcalt

Chairman, Federal Process Corporation

Robert A. Stefanko

Former Chairman of the Board and Executive Vice President
of Finance and Administration, A. Schulman, Inc.

Corporate Officers:

John C. Orr

President and Chief Executive Officer

Donald A. Merrill

Vice President, Chief Financial Officer and Corporate Secretary

NYSE Disclosures

In 2008, the Company submitted to the New York Stock Exchange an unqualified Section 12(a) certification by its chief executive officer indicating that he was not aware of any violation by the Company of the NYSE corporate governance listing standards.

In addition, the Form 10-K for the period ended December 31, 2008 filed with the Securities and Exchange Commission contained the Section 302 and 906 certification by the Company's chief executive officer and chief financial officer.

Forward-Looking Statements:

Statements in this report may include "forward-looking" statements, which are indicated by words such as "will," "believe," "anticipate," "expect," "estimate," "intend," "plan," or any variations of these words or similar expressions. Any statement that is not of historical fact may be deemed "forward-looking." These statements involve a number of risks and uncertainties, many outside of the Company's control, that could cause actual results to materially differ from those expressed or implied. Factors include: changes in the markets for the Company's business segments, unanticipated downturn in business with customers, competitive pressures on sales and pricing, increases in raw material costs, regulatory issues, and deterioration of economic and financial conditions in the United States and around the world. Additional details are provided in the Company's Form 10-K filed with the Securities and Exchange Commission. Myers Industries undertakes no obligation to update or publicly revise any forward-looking statements contained herein.

Investor Relations Information

About the Annual Report

The Myers Industries Annual Report is designed in-house by the Myers Communications and Investor Relations Department. Every year, our goal is to make the report more interesting and educational for shareholders. At the same time, we seek to reduce production costs without sacrificing quality. We hope that you will find our presentation this year – **Commitment to Growth by Advancing Our Strengths** – to be very informative as we highlight the strengths fueling our business.

Annual Meeting

The Annual Meeting of Shareholders will be held on Thursday, April 30, 2009, at 9:00 a.m. at the Company's L.S. Myers Training Center. The Training Center is located at 1554 South Main Street, Akron, Ohio. For more information, please call (330) 253-5592.

Company Headquarters

Myers Industries, Inc.
1293 South Main Street • Akron, Ohio 44301
Tel: (330) 253-5592 • Fax: (330) 761-6156

Web Site: www.myersindustries.com

Myers Industries' site provides detailed information, including:

- Stock prices and charting from the NYSE;
- Downloadable Annual Report PDF files;
- SEC filings and corporate governance information;
- Press releases;
- Myers' products, services and markets;
- Historical information about Myers; and
- Information order form to obtain current financial and investor-related information.

Common Stock

Traded on the New York Stock Exchange



Dividend Reinvestment Plan

Shareholders have a convenient opportunity to automatically reinvest cash dividends and make voluntary cash investments in the Company's stock through the Dividend Reinvestment and Stock Purchase Plan. Participating shareholders pay no brokerage commissions or other charges on purchases of shares under the Plan; all such commissions and charges are paid by the Company. For full details, please contact:
Treasurer

Myers Industries, Inc.
1293 South Main Street • Akron, Ohio 44301
Tel: (330) 253-5592 • Fax: (330) 761-6156

Transfer Agent & Registrar

National City Bank, Now a part of PNC, is the Company's transfer agent and registrar. Please contact National City directly to:

- Transfer stock
- Replace lost stock certificates or dividend checks
- Eliminate multiple mailings
- Change name or address
- Obtain statements of holdings
- Consolidate accounts

Shareholder Services Contact:

National City Bank, Now a part of PNC
Corporate Trust Operations
Dept. 532
P. O. Box 92301
Cleveland, OH 44193-0900
Tel: (800) 622-6757
Fax: (216) 257-8508
www.ncstockaccess.com

Dividend Reinvestment & Employee Stock Purchase Plan Services:

National City Bank, Now a part of PNC
Corporate Trust Administration
P. O. Box 94946
Cleveland, OH 44101-4946
Tel: (800) 622-6757
Fax: (216) 257-8367

Form 10-K Requests

Free copies of the Company's 2008 Annual Report and Form 10-K are available at our website or upon written request to:

Donald A. Merrill

Vice President, Chief Financial Officer
and Corporate Secretary
Myers Industries, Inc.
1293 South Main Street
Akron, OH 44301

Independent Registered Public Accounting Firm KPMG LLP

Investor Relations Contacts

Donald A. Merrill

Vice President, Chief Financial Officer
and Corporate Secretary

Max R. Barton II

Director, Corporate Communications
and Investor Relations

Myers Industries, Inc.
1293 South Main Street • Akron, Ohio 44301
Tel: (330) 253-5592 • Fax: (330) 761-6156

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 2008
Commission File Number 001-08524

MYERS INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

OHIO
(State or other jurisdiction of
incorporation or organization)

34-0778636
(IRS Employer Identification Number)

1293 S. Main Street, Akron, Ohio
(Address of Principal Executive Offices)

44301
(Zip Code)

(330) 253-5592
(Telephone Number)

Securities Registered Pursuant to
Section 12(b) of the Act:

Common Stock, Without Par Value
(Title of Class)

Name of Each Exchange
On which registered:

New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

State the aggregate market value of the voting and non-voting common equity stock held by non-affiliates computed by reference to the closing sale price on the New York Stock Exchange as of June 30, 2008: \$286,960,815.

Indicate the number of shares outstanding of registrant's common stock as of February 27, 2009: 35,250,278 Shares of Common Stock, without par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for its 2009 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

PART I

ITEM 1. Business

(a) General Development of Business

Myers Industries, Inc. (the “Company” or “Myers Industries”) was founded in Akron, Ohio, in 1933. The Company grew from the vision of two brothers, Louis and Meyer Myers, and a partnership based on a \$620 loan, tire repair merchandise and a used truck. The new venture was named “Myers Tire Supply” and serviced tire dealers and retreaders through distribution of tools and supplies needed to grow their businesses. The Company expanded into manufacturing operations in the post-war 1940s and in 1963 was renamed Myers Industries, Inc. to reflect its diversity. In 1971, the Company went public, and the stock is traded today on the New York Stock Exchange under the ticker symbol MYE.

Still headquartered in Akron, Ohio, Myers Industries has grown from a small storefront into a premier, international manufacturing and distribution business. Today, the Company manufactures a diverse range of polymer products for industrial, agricultural, automotive, commercial and consumer markets. Myers Industries is a leader in the manufacturing of plastic reusable material handling containers and pallets and North America’s leading producer of plastic horticultural pots, trays and flower planters. Other principal product lines include plastic storage and organization containers, plastic and rubber OEM parts, rubber tire repair products and custom plastic and rubber products.

The Company is also the largest wholesale distributor of tools, equipment and supplies for the tire, wheel and undervehicle service industry in the United States. The distribution products range from tire balancers and alignment systems to valve caps, tire repair tools and other consumable service supplies.

As of March 10, 2009, the Company included: 25 manufacturing facilities and 41 distribution branches located throughout North, Central and South America; approximately 12,000 manufactured products and 10,000 distributed products; and more than 3,600 employees.

Serving customers around the world, products and related services from Myers Industries’ brands provide a wide range of performance benefits to customers in diverse niche markets. Some of these benefits include increasing productivity, lowering material handling costs, improving product quality, reducing labor costs, shortening assembly times, eliminating solid waste and increasing profitability. The Company’s business strategy — the “Strategic Business Evolution” — is focused on sustainable, profitable growth guided by five key operating principles: 1) Business Growth, 2) Customer Satisfaction, 3) Cost Control, 4) Organizational Development and 5) Positioning the Business for the Future. Applying these within our Strategic Business Evolution, the Company emphasizes:

- Industry-leading innovation of niche, high margin products;
- Being the low-cost provider of certain commodity products where our brands excel;
- Achieving leadership in key product areas through breadth of offering, consistent quality and superior customer service;
- Concentrating our efforts on niche markets where our capabilities create profit opportunities for our customers and ourselves;
- Leveraging brand equity and capabilities to grow business with existing customers and cultivate new ones, particularly in emerging growth markets where we can deliver the greatest value and achieve the best returns;
- Investing in new technologies and processes to reinforce customer satisfaction and market strength across our key business segments;
- Succession plans through our management teams at all levels in the Company, ensuring the right people are in the right positions to grow;
- Selective acquisitions as opportunities arise to enhance our leadership in key markets;

- Potential divestiture of businesses with non-strategic products or markets, aligning our resources with the best avenues for long-term, profitable growth potential; and
- Consolidation and rationalization initiatives to reduce costs and improve productivity within the Company's manufacturing and distribution footprint.

The Company's segments and brands are under continuous review for strategic fit and growth potential. The review process is dedicated to strengthening innovation, enhancing brand leadership in our markets, building strong customer relationships and positioning the Company to grow on a sustainable basis.

(b) Financial Information About Segments

The response to this section of Item 1 is contained in the Industry Segments footnote of the Notes to the Consolidated Financial Statements under Item 8 of this report.

(c) Description of Business

The Company conducts its business activities in four distinct business segments, including three in manufacturing and one in distribution. The manufacturing segments consist of: Material Handling, Lawn and Garden, and Automotive and Custom. During the year ended December 31, 2006, the Company also included one other manufacturing segment, European Material Handling, which was moved to discontinued operations status in the third quarter of 2006 after we publicly disclosed our intent to divest their businesses. The businesses in that segment were subsequently sold in February 2007.

In our manufacturing segments, we design, manufacture, and market a variety of plastic and rubber products. These range from plastic reusable material handling containers and small parts storage bins to plastic horticultural pots and hanging baskets, decorative resin planters, plastic and rubber OEM parts, tire repair materials and custom plastic and rubber products.

The Distribution Segment is engaged in the distribution of tools, equipment and supplies used for tire, wheel and undervehicle service on passenger, heavy truck and off-road vehicles.

The following table summarizes the key attributes of our business segments in continuing operations for the year ended December 31, 2008:

2008 Continuing Operations	Lawn and Garden Segment	Material Handling Segment	Distribution Segment	Automotive and Custom Segment
Net Sales	\$272.8mm	\$261.2mm	\$187.1mm	\$174.0mm
% of Total Net Sales	31%	30%	21%	18%
Key Product Areas	<ul style="list-style-type: none"> • Plastic Horticultural Pots, Trays, Flats & Hanging Baskets • Decorative Resin Planters • Custom Products 	<ul style="list-style-type: none"> • Plastic Reusable Containers & Pallets • Plastic Storage & Organization Products • Plastic Carts • Metal Carts • Wooden Dollies • Custom Products 	<ul style="list-style-type: none"> • Tire Valves & Accessories • Tire Changing & Balancing Equipment • Lifts & Alignment Equipment • Service Equipment • Hand Tools • Tire Repair & Retread Equipment & Supplies • Brake, Transmission & Allied Service Equipment & Supplies 	<ul style="list-style-type: none"> • Rubber & Plastic Original Equipment Replacement Parts • Tire Repair & Retreading Products • Highway Markings • Industrial Rubber • Custom Rubber & Plastic Products
Product Brands	<ul style="list-style-type: none"> • Dillen® • ITML® • Listo™ • Pro Cal® 	<ul style="list-style-type: none"> • Akro-Mils® • Buckhorn® 	<ul style="list-style-type: none"> • Myers Tire Supply® 	<ul style="list-style-type: none"> • Ameri-Kart™ • Buckhorn Rubber™ • Michigan Rubber™ • Patch Rubber™ • WEK®
Key Capabilities & Services	<ul style="list-style-type: none"> • Product Design • Prototyping • Testing • Material Formulation • Injection Molding • Thermoforming • Co-Extrusion Thermoforming • Custom Printing & Labeling • Material Re grind & Recycling 	<ul style="list-style-type: none"> • Product Design • Prototyping • Product Testing • Material Formulation • Injection Molding • Structural Foam Molding • Metal Forming • Wood Fabrication • Powder Coating • Material Re grind & Recycling 	<ul style="list-style-type: none"> • Broad Sales Coverage • Local Sales & Inventory • International Distribution • Personalized Service • National Accounts • Product Training • Repair/Service Training • New Products “Speed to Market” 	<ul style="list-style-type: none"> • Rubber Mixing • Rubber Compounding • Rubber Calendering • Rubber Extrusion • Rubber Injection Molding • Rubber Compression & Transfer Molding • Rubber & Plastic Blow Molding • Co-Extrusion Blow Molding • Rubber-to-Metal Bonding • Rubber-to-Plastic Bonding • Plastic Rotational Molding
Representative Markets	<ul style="list-style-type: none"> • Horticulture: <ul style="list-style-type: none"> - Growers - Nurseries - Greenhouses - Retail Garden Centers • Consumer <ul style="list-style-type: none"> - Retail Garden Centers - Retail Home Centers 	<ul style="list-style-type: none"> • Agriculture • Automotive • Commercial • Food Processing • Food Distribution • Healthcare • Industrial • Manufacturing • Retail Distribution 	<ul style="list-style-type: none"> • Retail Tire Dealers • Truck Tire Dealers • Auto Dealers • Commercial Auto & Truck Fleets • General Repair & Services Facilities • Tire Retreaders • Governmental Agencies 	<ul style="list-style-type: none"> • Agricultural Vehicle • Automotive OEM • Construction Vehicle • Heavy Truck • Industrial • Mining • Recreational Marine • Recreational Vehicle • Road Construction • Sporting Goods • Telecommunications • Water Control

Manufacturing Segments Overview

Lawn and Garden Segment

The Company's Lawn and Garden Segment, the largest segment in net sales dollars, includes the **Dillen**[®], **ITML**[®], **Pro Cal**[®] and **Listo**[™] brands, which serve the horticultural container needs of the North American floriculture / horticulture market. Our product selection, manufacturing capabilities, quality and customer service rank at the top of our category in the market, which spans growers with 80-plus acre greenhouse facilities to small regional nurseries to retail garden centers and retail home centers.

In December 2008, the Company announced a realignment of its Lawn and Garden Segment. This resulted in the decision to close three facilities and reallocate production to the segment's other five remaining facilities. These initiatives will enable the Company to consolidate manufacturing and capacity, optimize distribution and supply chain channels, and drive increased productivity and customer service excellence through improved forecasting, workflow, and inventory management programs.

For growers, our products are available both direct and through a network of leading horticultural distributors. Our product range is one of the most extensive in North America. Products include injection-molded and thermoformed pots, hanging baskets, flats and carry trays, plug trays, nursery containers, propagation sheets, and specialty pots. Product innovation is centered on the changing needs of the professional grower, including increased automation in growing operations, improving efficiency and reducing costs, while focusing on environmental friendliness. For example, a recent focus has been in lightweight co-extruded (CoEx) thermoformed pots. CoEx pots have a thinner wall construction compared to injection pots and combine a color exterior with a dark interior layer made from recycled material which helps to protect plant roots against potential sunlight damage in both grower and retail operations and helps protect the environment.

In addition to working with growers on product innovation, we support their increasing needs for branding and retail merchandising programs with services such as in-mold labeling, multi-color offset printing and adhesive labeling. Once filled with plant material by the grower and shipped to retail, these customized pots serve as packaging for plants and create vibrant point-of-sale materials.

For retailers, our **Listo** brand encompasses decorative resin planters that feature intricate molding details and unique finishes in ceramic, metallic, weathered stone and textured styles. The upscale look of these decorative planters captures the retailer's attention and the consumer's imagination. Products include a diverse offering of planters, window boxes, urns and hanging baskets for indoor and outdoor container gardening. Consistent new product development is key to success in the retail garden center and mass merchandiser channels. Proprietary molding and finishing processes, along with creative designs, deliver the unique look in the decorative resin planter category that sets our planters apart from the competition in leading retail stores across North America.

In addition to Listo, two other brands in the retail channel of the Lawn and Garden Segment include **Planters' Pride**[®] and **Akro-Mils Lawn & Garden Products**[®]. Planters' Pride has a diverse product offering dedicated to the beginning gardener. Featured products include a wide range of Fiber Grow[®] seed starting kits with 100 percent peat free renewable coir pellets and other garden accessories, backed by customizable retail displays. Akro-Mils Lawn & Garden provides a wide range of plastic patio pots, planters and hanging baskets as well as watering cans and other related items for the home gardener.

Myers Industries seeks to expand its market leadership in the Lawn and Garden Segment through its current realignment of the segment, unrivaled product innovation and selection, diverse manufacturing processes, superior customer satisfaction and an array of internal and external strategic growth initiatives. One of these initiatives includes expanding the use of reprocessed and recycled materials in the manufacturing process, which helps to reduce the Company's exposure to higher costs for virgin raw material. The Company has the capability to produce a wide range of plastic materials for use across its many product lines and is committed to being a "green" manufacturer to protect the environment.

Weather conditions, grower consolidation and grower supply chain adjustments to meet retail merchandising programs are some of the key external factors that influence this industry. As one of the industry leaders, however,

the Company is well positioned to further align our capabilities to effectively meet the external challenges and changing needs of customers and the markets.

Material Handling Segment

The Material Handling Segment is comprised of plastic reusable material handling containers, pallets and bins, as well as metal shelving, cabinet and racking systems. The two brands in this segment, **Buckhorn**[®] and **Akro-Mils**[™], have strong leadership positions across markets such as automotive, appliance, general industrial / manufacturing, distribution, agriculture, retail and food processing. This leadership is built through constant innovation, diverse manufacturing processes, consistent quality and superior customer service resulting in significant productivity and cost-saving benefits for our customers.

Buckhorn's reusable containers and pallets are used in closed-loop supply chains to help customers reduce material handling costs by replacing single-use cardboard boxes, easily damaged wooden pallets and high-cost steel containers. Cost-reduction benefits include: improving product protection, increasing handling efficiencies, reducing freight costs and eliminating solid waste and disposal costs. Small parts bins, storage systems and transport products from Akro-Mils provide similar benefits by creating storage and organization efficiency throughout customers' operations.

The Buckhorn brand in the Material Handling Segment offers a product selection rich in both breadth and depth, as well as a direct sales force with the packaging and material handling expertise that makes Buckhorn a key solutions partner for our customers. Buckhorn's product line spans injection-molded hand-held containers and totes; injection and structural foam-molded bulk transport containers in both collapsible and fixed-wall styles; and injection and structural foam pallets. Buckhorn also produces custom material handling packaging. Customers rely on Buckhorn's single-source efficiency and the productivity and profitability benefits delivered through value-added innovation, broad product selection, quality and packaging conversion services.

Buckhorn hand-held containers include attached lid, detached lid, bi-color and specialty styles that stack and/or nest for efficient space usage, thus lowering freight and storage costs. In automotive plants across North America, our container and pallet systems are reused hundreds of times to ship products as small as fasteners or as large as sidewall components from suppliers directly to assembly areas — protecting parts throughout the supply chain and reducing scrap rates. Our attached lid containers and pallets are used in retail distribution centers to organize inventory, sort orders and then transport products directly to stores. In the food processing and distribution industry, our specialty containers provide superior protection to food products while in transit and are more sanitary than cardboard boxes. For example, case-ready, packaged meats are delivered from processors to retailers in containers designed to accommodate specific cuts and package sizes, while maintaining optimal airflow for chilling.

Buckhorn's selection of collapsible and fixed-wall bulk transport containers leads the North American material handling industry. Bulk containers perform both light and heavy-duty tasks, whether distributing seed products, carrying large automotive components or shipping liquids across long distances. These containers range in size from footprints of 32" x 30" to 70" x 48"; heights up to 65"; and weight capacities up to 3,000 lbs. Bulk containers are compatible with forklifts for easy handling. Many of the containers collapse to a third of their size for space-saving stacking, storage and return transport, thus helping to reduce freight and storage costs.

Examples of bulk container applications include our SeedBoxes[™], which are used by leading seed distributors to efficiently transport and dispense up to 2,500 lbs. of their products. The unique SeedBox can be emptied in approximately 30 seconds, then broken down for return shipping and refilling, thus eliminating waste created by traditional seed bags. Automotive manufacturers and their suppliers employ our DunnageReady[™] Bulk Container to ship sensitive parts direct to assembly areas. The DunnageReady Container accommodates custom-made, protective inserts to separate parts and prevent scratches or other costly damage to Class A painted surfaces. Manufacturers of tomato paste employ our Citadel[®] bulk containers to move processed tomato products across the country in railcars. The smooth-sided, impact-resistant containers replace wooden crates and steel containers that can cause product damage and contamination. Citadel containers can carry up to 3,000 lbs. / 300 gallons of liquefied product, safely stack when fully loaded and are designed for long-term indoor or outdoor storage of loads. This product line is applicable to other food processing and ingredient niches such as concentrates, oils, syrups and similar products.

Further strengthening our bulk container product line, in March 2007 Myers Industries purchased strategic assets of Schoeller Arca Systems, Inc. North America (SASNA), a manufacturer of reusable bulk containers. The purchase included select equipment, molds and inventory related to the well-known Xytec® and Combo™ product lines. The product lines were renamed the “XT Series” (formerly Xytec) and “Caliber™ Intermediate Bulk Containers” (formerly Combo) and integrated into the Buckhorn brand. This was an opportunistic purchase to enhance our brand leadership and to expand our bulk container product line for greater penetration in the liquid materials handling and transport market, particularly in niche markets of food processing.

Buckhorn’s plastic pallets interwork with the hand-held containers and totes to create a completely reusable system and provide efficient space utilization in plants, warehouses and truck trailers— helping customers to reduce storage and freight costs. Buckhorn also produces a wide range of specialty pallets for niche-type shipping applications, such as drum pallets for chemical and liquid transport.

Our **Akro-Mils** brand provides customers with “everything needed to store, organize and transport for greater productivity and profitability.” This mix of plastic, metal and wooden material handling products serves industrial and commercial end-users through leading industrial supply catalogers and material handling distributors. Products range from AkroBins®— the industry’s leading small parts bins— to Super-Size AkroBins, metal panel and bin hanging systems, metal storage cabinet and bin systems, wire shelving systems, plastic and metal transport carts and a wide variety of custom storage and transport products. Capabilities used throughout the Akro-Mils product line include: injection molding, metal forming, powder-coat painting / metal finishing and wood fabrication, as well as the additional capabilities through potential synergies with Buckhorn.

Akro-Mils products deliver their storage and organization solutions in a wide variety of applications, from creating assembly line workstations to organizing medical supplies and retail displays. Emphasis is placed on product bundling and customizing systems to create specific storage and organization configurations for customers’ operations. For example, industrial manufacturers with specialized tool and parts storage areas— known as “tool cribs”— use a combination of Akro-Mils bins, racking, locking cabinets, work tables and transport carts to speed assembly times, maintain accurate inventories and reduce loss. Metal carts and dollies are paired with custom-made containers to create unique transport systems capable of handling parts and components both small and large. Our powder coating / painting capability allows for high-quality, scratch-resistant finishing of metal products in a multitude of colors and finish styles.

Cross-marketing and cross-selling are key synergies between the Material Handling Segment brands. Equally important are cross-manufacturing capabilities that allow each brand to offer customers a wider range of value-added design and molding benefits. In addition to standard material handling products, we utilize the extensive design and manufacturing capabilities between Buckhorn and Akro-Mils for turnkey production of custom material handling products.

Sustainable, profitable growth in this segment is fueled by: a strong focus on innovation with value-added new products; concentrating sales efforts on niche markets and applications; increasing awareness of plastic reusable material handling products to drive conversions from cardboard and wood products; and managing the balance of product pricing and raw material costs. The potential for strategic, bolt-on acquisitions also provides opportunities to expand the scope of our brand leadership and the value-added products and services we bring to customers.

Automotive and Custom Segment

Myers Industries serves diverse niche markets and customers with rubber and plastic products from the Automotive and Custom Segment. Through our **Ameri-Kart™**, **Buckhorn Rubber™**, **Michigan Rubber™**, **Patch Rubber™** and **WEK™** brands, we provide an array of engineered plastic and rubber original equipment and replacement parts, tire repair materials and custom components and materials. We offer a unique combination of product design, molding and finishing expertise to support our customers’ needs for efficient, single sourcing of parts and turnkey custom product development. In addition to our plastics molding capabilities, we utilize a full range of rubber molding processes that include: injection molding; compression and transfer molding; compounding, calendaring and extrusion; 3-D co-extrusion blow molding; rubber-to-metal bonding; and rubber-to-plastic bonding. Additional capabilities include custom rubber formulation, mixing and testing.

The **Michigan Rubber** and **WEK** brands support passenger car and truck manufacturers to create rubber and plastic components and assemblies for a wide variety of vehicle platforms. Our proven track record and expertise affords us “guest engineering” status with many of the world’s leading automakers and suppliers. Our molding and assembly capabilities produce a diversified product mix, which includes: air induction hoses, HVAC components, noise vibration dampers, grommets, bushings, tubing assemblies, seals and gaskets. The Company’s focus in the automotive arena is on highly engineered, niche products for select automotive platforms and strategic, long-term customers— both transplants and domestics— who reward their value-added manufacturing partners.

Manufacturers of recreational vehicles (“RV”) and watercraft rely on our design expertise and production capabilities to provide them an assortment of products. Through our **Ameri-Kart** brand, we create rotationally-molded plastic tanks for water, fuel and waste handling that are assembled to fit the precise space constraints within RV and marine craft designs. We utilize thermoforming and rotational molding to manufacture plastic trim and interior parts for RV’s and helm consoles and seat frames for a wide variety of watercraft.

Our **Buckhorn Rubber** brand excels in providing engineering, quality and service to manufacturers of heavy trucks, trailers, construction and agriculture equipment. These customers rely on our custom-molded rubber air intake hoses, hood latches, boots, bellows, bushings and other products to perform under the harshest conditions, whether under-the-hood or on the vehicle’s body. As one example of our market strength, we provide air intake hoses in more than 200 standard fittings for the majority of Class 6 and 8 trucks. Our expertise in co-extrusion blow molding with three-dimensional capabilities — utilizing both rubber and plastic — allows us to create single-piece, complex parts. These parts possess both rigid and flexible features and extreme angles to meet the needs of changing vehicle design. As heavy trucks and off-road vehicles are redesigned, engineering and production synergies between our Buckhorn Rubber and Michigan Rubber brands will keep Myers Industries in a strong position to mold new components for our customers’ precise needs.

Specialized manufacturing expertise, including rubber-to-metal and rubber-to-plastic bonding, enables us to create a range of specific performance custom rubber products used in marine vehicles and lawn maintenance equipment. We also employ our unique rubber-to-metal bonding process to manufacture parts for the water control industry. These products include main valves for fire hydrants and mechanical joint gaskets for water supply lines used in residential and commercial construction.

Our manufacturing of rubber products began more than 60 years ago with our **Patch Rubber** brand, initially making tire patches. Today, we manufacture one of the most comprehensive lines of tire repair and retreading products in the United States. Service professionals rely on our extensive product selection and quality for safe, cost-effective repairs to passenger, truck and off-road tires. Products range from the plug that fills a puncture, the cement that seats the plug, the tire innerliner patch and the final sealing compound. Patch brand repair products maintain a strong position in the tire service markets with exclusive sales through our Distribution Segment’s branch network.

Also within the capabilities of Patch Rubber, we apply our rubber calendaring and compounding expertise to create a diverse portfolio of products outside of the tire repair market, such as reflective highway marking tapes. Our rubber-based tape and symbols provide the durability and brightness that construction professionals demand to replace paint for marking road repair, intersections and hazardous areas. Compared with traditional highway paint, the tape stock is easier to apply, more reflective and longer lasting. It is available in both temporary and permanent grades to meet the customers’ specific requirements.

Other custom products represent a wide range of markets and applications. These include: plastic elevated toilet seats and tub rails for the healthcare market, specialty tapes used for cable splicing in the telecommunications industry, custom rubber linings for material handling conveyors and rubber sheet stock used as the base material to produce the world’s top-selling line of golf grips.

Distribution Segment Overview

The Company’s Distribution Segment includes the **Myers Tire Supply**® and **Myers Tire Supply International**® brands. With these brands, the Company is the largest U.S. distributor and single source for tire, wheel and undervehicle service tools, equipment and supplies. We buy and sell nearly 10,000 different items — everything that professionals need to service passenger, truck and off-road tires, wheels and related components.

Independent tire dealers, mass merchandisers, commercial auto and truck fleets, tire retreaders and general repair facilities rely on our broad product selection, rapid availability and personal service to be more productive and profitably grow their business.

Within the continental United States, we provide widespread distribution and sales coverage from 36 branches positioned in major metropolitan areas. Each branch operates as a profit center and is staffed by a branch manager, sales and warehouse personnel. Internationally, we have three branches in Canada and three in Central America. Sales personnel from our Akron, Ohio headquarters cover niche markets in the Far East, Middle East, South Pacific and South America.

We purchase products from trusted, industry-leading manufacturers to ensure quality is delivered to our customers. Each of the brand-name products we sell is associated with superior performance in its respective area. Some of these well-known brands include: *Chicago Pneumatic* air tools; *Hennessy* tire changing, balancing and alignment equipment; *Corghi* tire changers and balancers; *Ingersoll-Rand* air service equipment; *John Bean Co.* tire balancing and changing equipment; *Rotary* lifts and related equipment; and our own Patch Rubber brand tire patches, cements and repair supplies.

An essential element of our success in the Distribution Segment is the network field sales representatives, who deliver personalized service on a local level. Customers rely on Myers' sales representatives to introduce the latest tools and technologies and to provide training in new product features and applications. Representatives also teach the proper use of diagnostic equipment and present on-site workshops demonstrating industry-approved techniques for tire repair and undervehicle service.

While the needs and composition of our distribution markets constantly change, we adapt and deliver the new products and services that are crucial to our customers' success. The new product pipeline is driven by innovations from auto and tire manufacturers, which in turn prompts Myers and its suppliers to develop new equipment, supplies and service techniques to keep cars and trucks moving down the road with confidence.

The Company's Distribution Segment is well positioned to continue its steady growth. The Myers Tire Supply (U.S.) brand is positioned to expand its leadership through superior product selection, rapid delivery and the personal service that is the hallmark of the Company's success in the tire, wheel, and undervehicle service marketplace. The Myers Tire Supply International brand is positioned to expand distribution of both tire supply and our plastic products in select regions of the world, presenting new growth opportunities for our diverse manufacturing businesses. All of this can be achieved through: 1) ongoing productivity improvements in our distribution network, 2) growing within key domestic market sectors and emerging international markets, 3) delivering a continuous flow of new products with "first-to-market" speed and 4) improving efficiency and customer satisfaction through implementation of innovative supply chain management technologies. Strategic, adjacent acquisitions are also a potential growth avenue in this segment.

Raw Materials & Suppliers— Manufacturing and Distribution Segments

For the manufacturing segments, the Company purchases substantially all of its raw materials from a wide range of third-party suppliers. These materials are primarily polyethylene, polypropylene, and polystyrene plastic resins, as well as synthetic and natural rubber. Most raw materials are commodity products and available from several domestic suppliers. We believe that the loss of any one supplier or group of suppliers would not have a material adverse effect on our business.

The Distribution Segment purchases substantially all of its components from third-party suppliers and has multiple sources for its products.

Competition

Competition in the manufacturing segments is substantial and varied in form and size from manufacturers of similar products and of other products which can be substituted for those produced by the Company. In general, most direct competitors with the Company's brands are private entities. Myers Industries maintains strong brand presence and market positions in the niche sectors of the markets it serves. The Company does not command substantial, overall market presence in the broad market sectors.

Competition in the Distribution Segment is generally from private, smaller local and regional businesses. Within the overall tire, wheel and undervehicle service market, Myers is the largest North American distributor of tools, equipment and supplies.

Customer Dependence

During the past three years, no single customer accounted for more than five percent of the Company's total net sales. Myers Industries serves thousands of customers who demand value through product selection, innovation, quality, delivery and responsive, personal service. Our brands foster satisfied, loyal customers who have recognized our performance through numerous supplier quality awards.

Employees

As of December 31, 2008, Myers Industries had a total of 3,652 full-time and part-time employees. Of these, 3,049 were employed in the Company's manufacturing segments, including: 709 in the Material Handling Segment, 1,064 in the Automotive and Custom Segment, and 1,276 in the Lawn and Garden Segment. The Distribution Segment employed 530 personnel. The Company's corporate offices had 73 employees.

As of December 31, 2008, the Company had 46 employees in the U.S. who were members of unions. The Company believes it has a good relationship with its union employees.

(d) Financial Information About Geographic Areas

The response to this section of Item 1 is contained in the Industry Segments footnote of the Notes to Consolidated Financial Statements under Item 8 of this report.

(e) Available Information

Filings with the SEC. As a public company, we regularly file reports and proxy statements with the Securities and Exchange Commission (SEC), such as:

- * annual reports on Form 10-K;
- * quarterly reports on Form 10-Q;
- * current reports on Form 8-K; and
- * proxy statements on Schedule 14A.

Anyone may read and copy any of the materials we file with the SEC at its Public Reference Room at 100 F Street, N.E., Room 1580, Washington, DC 20549. Information regarding operations of the Public Reference Room may also be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet website that contains our reports, proxy and information statements, and our other SEC filings; the address of that site is <http://www.sec.gov>.

Also, we make our SEC filings available free of charge on our own internet site as soon as reasonably practicable after we have filed with the SEC. Our internet address is <http://www.myersind.com>. The content on the Company's website is available for information purposes only, and is not incorporated by reference into this Form 10-K.

Corporate Governance. We have a Code of Business Conduct for our employees and members of our Board of Directors. A copy of the Code is posted on our website. We will satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, any provision of the Code with respect to our executive officers or directors by disclosing the nature of that amendment or waiver.

Our website also contains additional information about our corporate governance policies, including the charters of our standing board committees. Any of these items are available in print to any shareholder who requests them. Requests should be sent to Corporate Secretary, Myers Industries, Inc., 1293 S. Main Street, Akron, Ohio 44301.

ITEM 1A. Risk Factors

This Form 10-K and the information we are incorporating by reference contain forward-looking statements within the meaning of federal securities laws, including information regarding the Company's 2009 financial outlook, future plans, objectives, business prospects and anticipated financial performance. You can identify these statements by the fact that they include words such as "will," "believe," "anticipate," "expect," "estimate," "intend," "plan," or variations of these words, or similar expressions. These forward-looking statements are not statements of historical facts and represent only our current expectations regarding such matters. These statements inherently involve a wide range of known and unknown uncertainties. The Company's actual actions and results could differ materially from what is expressed or implied by these statements. Specific factors that could cause such a difference include those set forth below and other important factors disclosed previously and from time to time in our other filings with the Securities and Exchange Commission. Given these factors, as well as other variables that may affect our operating results, you should not rely on forward-looking statements, assume that past financial performance will be a reliable indicator of future performance, nor use historical trends to anticipate results or trends in future periods. We expressly disclaim any obligation or intention to provide updates to the forward-looking statements and the estimates and assumptions associated with them.

Risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the applicable statements include:

Any significant increase in the cost of raw materials or disruption in the availability of raw materials could adversely affect our performance.

Our ability to manage our cost structure can be adversely affected by movements in commodity and other raw material prices. Our primary raw materials include plastic resins, colorants and natural and synthetic rubbers. Plastic resins in particular are subject to substantial price fluctuations, including those arising from supply shortages and changes in the price of natural gas, crude oil and other petrochemical intermediates from which resins are produced, as well as other factors. Over the past several years, we have at times experienced rapidly increasing resin prices. For instance, the price of resin increased significantly during 2005 and remained at historically elevated levels during 2006 as a result of the impact of Hurricanes Katrina and Rita which caused a significant increase in energy costs. In the latter half of 2007 and through the third quarter of 2008, resin prices reached a new historical high based on the substantial rise of underlying energy costs. In the fourth quarter of 2008, the Company began to see some softening in resin prices as global demand caused energy prices to decline. The Company's revenue and profitability may be materially and adversely affected by these price fluctuations.

We attempt to reduce our exposure to increases by working with existing suppliers, evaluating new suppliers, improving material efficiencies and adjusting prices. Market conditions, however, may limit our ability to raise selling prices to offset increases in our raw material input costs. If we are unsuccessful in developing ways to mitigate raw material cost increases, we may not be able to improve productivity or realize our ongoing cost reduction programs sufficiently to help offset the impact of these increased raw material costs. As a result, higher raw material costs could result in declining margins and operating results.

Changes in raw material availability may also occur due to events beyond our control, including natural disasters such as floods, tornados and hurricanes. Our specific molding technologies and/or product specifications can limit our ability to locate alternative supplies to produce certain products.

We incur inherent risks associated with our strategic growth initiatives.

Our growth initiatives include: internal growth driven by strong brands and new product innovation; development of new, high-growth markets and expansion in existing niche markets; strengthened customer relationships through value-added initiatives and key product partnerships; investments in new technology and processes to reinforce market strength and capabilities in key business groups; consolidation and rationalization activities to further reduce costs and improve productivity within our manufacturing and distribution footprint; an opportunistic and disciplined approach to strategic, bolt-on acquisitions to accelerate growth in our market positions; and potential divestitures of businesses with non-strategic products or markets.

While this is a continuous process, all of these activities and initiatives have inherent risks and there remain significant challenges and uncertainties, including economic and general business conditions that could limit our ability to achieve anticipated benefits associated with announced strategic initiatives and affect our financial results. We may not achieve any or all of these goals and are unable to predict whether these initiatives will produce significant revenues or profits.

We may not realize the improved operating results that we anticipate from past acquisitions or from acquisitions we may make in the future and we may experience difficulties in integrating the acquired businesses or may inherit significant liabilities related to such businesses.

We explore opportunities to acquire businesses that we believe are related to our core competencies from time to time, some of which may be material to us. We expect such acquisitions will produce operating results consistent with our other operations; however, we may be unable to achieve the benefits expected to be realized from our acquisitions. In addition, we may incur additional costs and our management's attention may be diverted because of unforeseen expenses, difficulties, complications, delays and other risks inherent in acquiring businesses, including the following:

- we may have difficulty integrating the acquired businesses as planned, which may include integration of systems of internal controls over financial reporting and other financial and administrative functions;
- acquisitions may divert management's attention from our existing operations;
- we may have difficulty in competing successfully for available acquisition candidates, completing future acquisitions or accurately estimating the financial effect of any businesses we acquire;
- we may have delays in realizing the benefits of our strategies for an acquired business;
- we may not be able to retain key employees necessary to continue the operations of an acquired business;
- acquisition costs may be met with cash or debt, increasing the risk that we will be unable to satisfy current financial obligations;
- we may acquire businesses that are less profitable or have lower profit margins than our historical profit margins; and
- acquired companies may have unknown liabilities that could require us to spend significant amounts of additional capital.

Our results of operations and financial condition could be adversely affected by a downturn in the general markets or the general economic environment.

We operate in a wide range of geographies, primarily North America, Central America and South America. Worldwide and regional economic, business and political conditions, including changes in the economic conditions of the broader markets and in our individual niche markets, could have an adverse affect on one or more of our operating segments.

We operate in a very competitive business environment.

Each of our segments participates in markets that are highly competitive. Many of our competitors sell their products at prices lower than ours and we compete primarily on the basis of product quality, product performance, value, supply chain competency and customer relationships. Our competitive success also depends on our ability to maintain strong brands and the belief that customers will need our products and services to meet their growth requirements. The development and maintenance of such brands requires continuous investment in brand building, marketing initiatives and advertising. The competition that we face in all of our markets — which varies depending on the particular business segment, product lines and customers — may prevent us from achieving sales, product pricing and income goals, which could affect our financial condition and results of operations.

The results of operations for our Lawn and Garden Segment are influenced by weather conditions.

Demand for our Lawn and Garden Segment products is influenced by weather, particularly weekend weather during the peak gardening season. Additionally, product demand in this segment is strongest in the first and fourth quarters and weakest in the third quarter, as our customers (in particular greenhouses and nurseries) order our

products in advance of the growing season. As a result, our business, financial results, cash flow and our ability to service our debt could be adversely affected by certain weather patterns such as unseasonably cool or warm temperatures, hurricanes, water shortages or floods.

Our operations depend on our ability to maintain continuous, uninterrupted production at our manufacturing facilities, which are subject to physical and other risks that could disrupt production.

We are subject to inherent risks in our diverse manufacturing and distribution activities, including, but not limited to: product quality, safety, licensing requirements and other regulatory issues, environmental events, loss or impairment of key manufacturing or distribution sites, disruptions in logistics and transportation services, labor disputes and industrial accidents. While we maintain insurance covering our manufacturing and production facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of our facilities due to accident, fire, explosion, or natural disaster, whether short or long-term, could have a material adverse effect on our business, financial condition and results of operations.

Unexpected failures of our equipment and machinery may also result in production delays, revenue loss and significant repair costs, as well as injuries to our employees. Any interruption in production capability may require us to make large capital expenditures to remedy the situation, which could have a negative impact on our profitability and cash flows. Our business interruption insurance may not be sufficient to offset the lost revenues or increased costs that we may experience during a disruption of our operations. A temporary or long-term business disruption could result in a permanent loss of customers. If this were to occur, our future sales levels and therefore our profitability, could be materially adversely affected.

We derive a portion of our revenues from direct and indirect sales outside the United States and are subject to the risks of doing business in foreign countries.

We currently operate manufacturing, sales and service facilities outside of the United States, particularly in Canada and Brazil. For the twelve months ended December 31, 2008, international net sales accounted for approximately 17% of our total net sales from continuing operations. Accordingly, we are subject to risks associated with operations in foreign countries, including:

- fluctuations in currency exchange rates;
- limitations on the remittance of dividends and other payments by foreign subsidiaries;
- limitations on foreign investment;
- additional costs of compliance with local regulations; and
- in certain countries, higher rates of inflation than in the United States.

In addition, our operations outside the United States are subject to the risk of new and different legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations and potentially adverse tax consequences. The costs related to our international operations could adversely affect our operations and financial results in the future.

We are a supplier to North American automotive original equipment manufacturers, a highly cyclical industry dependent on the overall strength of consumer demand for cars and light trucks.

Approximately 6% of our total net sales from continuing operations for the year ended December 31, 2008, were made to North American automotive original equipment manufacturers (“OEMs”), both domestics and transplants. The OEM supplier industry is highly cyclical and, in large part, dependent upon the overall strength of consumer demand for light trucks and passenger cars. There can be no assurance that the automotive industry for which the Company supplies parts will not experience downturns in the future. A decrease in overall consumer demand for light trucks or passenger cars could have a material adverse effect on our financial condition and results of operations.

Our future performance depends in part on our ability to develop and market new products if there are changes in technology, regulatory requirements or competitive processes.

Changes in technology, regulatory requirements and competitive processes may render certain products obsolete or less attractive. Our performance in the future will depend in part on our ability to develop and market new products that will gain customer acceptance and loyalty, as well as our ability to adapt our product offerings and control our costs to meet changing market conditions. Our operating performance would be adversely affected if we were to incur delays in developing new products or if such products did not gain market acceptance. There can be no assurance that existing or future products will be sufficiently successful to enable us to effectively compete in our markets or, should new product offerings meet with significant customer acceptance, that one or more current or future competitors will not introduce products that render our products noncompetitive.

We may not be successful in protecting our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on patent and trademark rights, we rely on unpatented proprietary know-how and trade secrets and employ various methods, including confidentiality agreements with employees and consultants, to protect our know-how and trade secrets. However, these methods and our patents and trademarks may not afford complete protection and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than us. Further, we may not be able to deter current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating proprietary information and it is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Additionally, in the future we may license patents, trademarks, trade secrets and similar proprietary rights to third parties. While we attempt to ensure that our intellectual property and similar proprietary rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property, similar proprietary rights or reputation. In the future, we may also rely on litigation to enforce our intellectual property rights and contractual rights and, if not successful, we may not be able to protect the value of our intellectual property. Furthermore, no assurance can be given that we will not be subject to claims asserting the infringement of the intellectual property rights of third parties seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products. Any litigation could be protracted and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

If we are unable to maintain access to credit financing, our business may be adversely affected.

The Company's ability to make payments and to refinance our indebtedness, fund planned capital expenditures and acquisitions and pay dividends will depend on our ability to generate cash in the future and retain access to credit financing. This, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot provide assurance that our business will generate sufficient cash flow from operating activities or that future borrowings will be available to us under our credit facilities in amounts sufficient to enable us to service debt, make necessary capital expenditures or fund other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before maturity. We cannot be sure that we would be able to refinance any of our indebtedness on commercially reasonable terms or at all.

The credit facilities contain restrictive covenants and cross default provisions that require us to maintain specified financial ratios. The Company's ability to satisfy those financial ratios can be affected by events beyond our control, and we cannot be assured we will satisfy those ratios. A breach of any of these financial ratio covenants or other covenants could result in a default. Upon the occurrence of an event of default, the lenders could elect to declare the applicable outstanding indebtedness due immediately and payable and terminate all commitments to extend further credit. We cannot be sure that our lenders would waive a default or that we could pay the indebtedness in full if it were accelerated.

Future claims, litigation and regulatory actions could adversely affect our financial condition and our ability to conduct our business.

While we strive to ensure that our products comply with applicable government regulatory standards and internal requirements and that our products perform effectively and safely, customers from time to time could claim that our products do not meet contractual requirements, and users could be harmed by use or misuse of our products. This could give rise to breach of contract, warranty or recall claims, or claims for negligence, product liability, strict liability, personal injury or property damage. Product liability insurance coverage may not be available or adequate in all circumstances. In addition, claims may arise related to patent infringement, environmental liabilities, distributor terminations, commercial contracts, antitrust or competition law, employment law and employee benefits issues and other regulatory matters. While we have in place processes and policies to mitigate these risks and to investigate and address such claims as they arise, we cannot predict the underlying costs to defend or resolve such claims.

Current and future environmental and other governmental laws and requirements could adversely affect our financial condition and our ability to conduct our business.

Our operations are subject to federal, state, local and foreign environmental laws and regulations that impose limitations on the discharge of pollutants into the air and water and establish standards for the handling, use, treatment, storage and disposal of, or exposure to, hazardous wastes and other materials and require clean up of contaminated sites. Some of these laws and regulations require us to obtain permits, which contain terms and conditions that impose limitations on our ability to emit and discharge hazardous materials into the environment and periodically may be subject to modification, renewal and revocation by issuing authorities. Fines, penalties and other civil or criminal sanctions may be imposed for non-compliance with applicable environmental laws and regulations and the failure to have or to comply with the terms and conditions of required permits. Certain environmental laws in the United States, such as the federal Superfund law and similar state laws, impose liability for the cost of investigation or remediation of contaminated sites upon the current or, in some cases, the former site owners or operators (or their predecessor entities) and upon parties who arranged for the disposal of wastes or transported or sent those wastes to an off-site facility for treatment or disposal, regardless of when the release of hazardous substances occurred or the lawfulness of the activities giving rise to the release. Such liability can be imposed without regard to fault and, under certain circumstances, can be joint and several, resulting in one party being held responsible for the entire obligation.

While we have not been required historically to make significant capital expenditures in order to comply with applicable environmental laws and regulations, we cannot predict with any certainty our future capital expenditure requirements because of continually changing compliance standards and environmental technology. Furthermore, violations or contaminated sites that we do not know about, including contamination caused by prior owners and operators of such sites, or at sites formerly owned or operated by us or our predecessors in connection with discontinued operations, could result in additional compliance or remediation costs or other liabilities, which could be material.

We have limited insurance coverage for potential environmental liabilities associated with historic and current operations and we do not anticipate increasing such coverage in the future. We may also assume significant environmental liabilities in acquisitions. Such costs or liabilities could adversely affect our financial situation and our ability to conduct our business.

Environmental regulations specific to plastic products and containers could adversely affect our ability to conduct our business.

Federal, state, local and foreign governments could enact laws or regulations concerning environmental matters that increase the cost of producing, or otherwise adversely affect the demand for, plastic products. Legislation that would prohibit, tax or restrict the sale or use of certain types of plastic and other containers, and would require diversion of solid wastes such as packaging materials from disposal in landfills, has been or may be introduced in the U.S. Congress, in state legislatures and other legislative bodies. While container legislation has been adopted in a few jurisdictions, similar legislation has been defeated in public referenda in several states, local

elections and many state and local legislative sessions. There can be no assurance that future legislation or regulation would not have a material adverse effect on us. Furthermore, a decline in consumer preference for plastic products due to environmental considerations could have a negative effect on our business.

Our insurance coverage may be inadequate to protect against potential hazardous incidents to our business.

We maintain property, business interruption, product liability and casualty insurance coverage, but such insurance may not provide adequate coverage against potential claims, including losses resulting from war risks, terrorist acts or product liability claims relating to products we manufacture. Consistent with market conditions in the insurance industry, premiums and deductibles for some of our insurance policies have been increasing and may continue to increase in the future. In some instances, some types of insurance may become available only for reduced amounts of coverage, if at all. In addition, there can be no assurance that our insurers would not challenge coverage for certain claims. If we were to incur a significant liability for which we were not fully insured or that our insurers disputed, it could have a material adverse effect on our financial position, results of operations or cash flows.

Our business operations could be significantly disrupted if members of our senior management team were to leave.

Our success depends to a significant degree upon the continued contributions of our senior management team. Our senior management team has extensive manufacturing, finance and engineering experience, and we believe that the depth of our management team is instrumental to our continued success. The loss of any of our key executive officers in the future could significantly impede our ability to successfully implement our business strategy, financial plans, expansion of services, marketing and other objectives.

Unforeseen future events may negatively impact our economic condition.

Future events may occur that would adversely affect the reported value of our assets. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on our customer base, or a material adverse change in our relationship with significant customers.

Equity Ownership Concentration

Descendants of the Company's co-founder Louis S. Myers beneficially owned approximately 17.83% of the Company's outstanding common shares as of March 10, 2009. Stephen E. Myers, former Chief Executive Officer of the Company beneficially owned approximately 8.07% of the Company's outstanding common shares as of such date, and Kathryn A. Myers and Ellen J. Myers, as co-trustees of the trust established by their late mother Mary S. Myers, beneficially owned approximately 9.76% of the Company's outstanding common shares as of such date. Combined, these individuals have sufficient voting power to influence actions requiring the approval of our shareholders.

Legal & Regulatory Actions

Changes in laws and regulations and approvals and decisions of courts, regulators, and governmental bodies on any legal claims known or unknown, could have an adverse affect on the Company's financial results.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

The following table sets forth by segment certain information with respect to properties owned by the Company:

<u>Location</u>	Distribution		<u>Use</u>
	<u>Approximate Floor Space (Square Feet)</u>	<u>Approximate Land Area (Acres)</u>	
Akron, Ohio	129,000	8	Executive offices and warehousing
Akron, Ohio	60,000	5	Warehousing
Akron, Ohio	31,000	2	Warehousing
Pomona, California	17,700	1	Sales and distribution
Englewood, Colorado	9,500	1	Sales and distribution
Phoenix, Arizona	8,200	1	Sales and distribution
Indianapolis, Indiana	7,800	2	Sales and distribution
Cincinnati, Ohio	7,500	1	Sales and distribution
York, Pennsylvania	7,400	3	Sales and distribution
Minneapolis, Minnesota	5,500	1	Sales and distribution
Charlotte, North Carolina	5,100	1	Sales and distribution
Syracuse, New York	4,800	1	Sales and distribution
Franklin Park, Illinois	4,400	1	Sales and distribution
Manufacturing			
Sandusky, Ohio	305,000	8	Manufacturing and distribution
Springfield, Missouri	227,000	19	Manufacturing and distribution
Dawson Springs, Kentucky	209,000	36	Held for sale
Wadsworth, Ohio	197,000	23	Manufacturing and distribution
Hannibal, Missouri	196,000	10	Manufacturing and distribution
Sparks, Nevada	185,000	11	Manufacturing and distribution
Bluffton, Indiana	175,000	17	Manufacturing and distribution
Roanoke Rapids, N. Carolina	172,000	20	Manufacturing and distribution
Cadillac, Michigan	162,000	14	Manufacturing and distribution
Shelbyville, Kentucky	160,000	8	Manufacturing and distribution
Bristol, Indiana	166,000	12	Manufacturing and distribution
Jefferson, Ohio	115,000	11	Manufacturing and distribution
Lugoff, S. Carolina	115,000	12	Held for sale
Fostoria, Ohio	75,000	3	Manufacturing and distribution
Waco, Texas	60,000	5	Manufacturing and distribution
Reidsville, North Carolina	53,000	17	Manufacturing and distribution
Surrey, B.C., Canada	42,000	3	Manufacturing and distribution
Mebane, North Carolina	30,000	5	Held for sale

The following table sets forth by segment certain information with respect to facilities leased by the Company:

Manufacturing			
<u>Location</u>	<u>Approximate Floor Space (Square Feet)</u>	<u>Expiration Date of Lease</u>	<u>Use</u>
Middlefield, Ohio	632,000	September 30, 2025	Manufacturing and distribution
Brantford, Ontario, Canada	216,000	January 9, 2012	Manufacturing and distribution
Cassopolis, Michigan	210,000	October 31, 2010	Manufacturing and distribution
Reidsville, N. Carolina	171,000	September 30, 2009	Manufacturing and distribution
South Gate, California	122,000	October 31, 2009	Manufacturing and distribution
Jaguariuna, Brazil	54,000	March 3, 2009	Manufacturing and distribution
Burlington, Ontario Canada	46,000	January 9, 2012	Manufacturing and distribution
Milford, Ohio	22,000	August 31, 2010	Administration and sales

The Company also leases distribution facilities in 31 locations throughout the United States and Canada which, in the aggregate, amount to approximately 188,000 square feet of warehouse and office space. All of these locations are used by the Distribution Segment.

The Company believes that all of its properties, machinery and equipment generally are well maintained and adequate for the purposes for which they are used.

ITEM 3. Legal Proceedings

The Company is, in the ordinary course of business, a defendant in various lawsuits and a party to various other legal proceedings, some of which are covered in whole or in part by insurance. We believe that the outcome of these lawsuits and other proceedings will not individually or in the aggregate have a future material adverse effect on our consolidated financial position, results of operations or cash flows.

A number of parties, including the Company and its subsidiary, Buckhorn, Inc., were identified in a planning document adopted in October 2008 by the California Regional Water Quality Control Board, San Francisco Bay Region (RWQCB). The planning document relates to the presence of mercury, including amounts contained in mining wastes, in and around the Guadalupe River Watershed (Watershed) region in Santa Clara County, California. Buckhorn has been alleged to be a successor in interest to an entity that performed mining operations in a portion of the Watershed area. The Company has not been contacted by the RWQCB with respect to Watershed clean-up efforts that may result from the adoption of this planning document. The extent of the mining wastes that may be the subject of future cleanup has yet to be determined, and the actions of the RWQCB have not yet advanced to the stage where a reasonable estimate of remediation cost, if any is available. Although assertion of a claim by the RWQCB is reasonably possible, it is not possible at this time to estimate the amount of any obligation the Company may incur for these cleanup efforts within the Watershed region, or whether such cost would be material to the Company's financial statements.

ITEM 4. Submission of Matters to a Vote of Security Holders

During the fourth quarter of the fiscal year ended December 31, 2008, there were no matters submitted to a vote of security holders.

Executive Officers of the Registrant

Set forth below is certain information concerning the executive officers of the Registrant as of December 31, 2008. Executive officers are appointed annually by the Board of Directors.

<u>Name</u>	<u>Age</u>	<u>Years as Executive Officer</u>	<u>Title</u>
John C. Orr	58	6	President and Chief Executive Officer
Donald A. Merril	44	3	Vice President, Chief Financial Officer and Corporate Secretary

Each executive officer has not been principally employed in the capacities shown or similar ones with the Registrant for over the past five years. Mr. Orr, President and Chief Executive Officer, was appointed to his current position on May 1, 2005. Mr. Orr had been President and Chief Operating Officer since 2003. Prior to that Mr. Orr was General Manager of Buckhorn Inc., one of the Company's material handling subsidiaries. Before coming to Myers Industries, Mr. Orr had been employed by The Goodyear Tire and Rubber Company for 28 years. His last position at Goodyear was Vice President — North America.

Mr. Merrill, Vice President, Chief Financial Officer and Corporate Secretary, was appointed to his current position on April 26, 2006. Mr. Merrill joined the Company on January 25, 2006, prior to that he was with Newell Rubbermaid Inc. — Rubbermaid Home Products Division, where he served as Vice President and Chief Financial Officer since 2003. Mr. Merrill joined Newell Rubbermaid in 2001 where he served as Chief Financial Officer of Newell Rubbermaid — Little Tikes prior to his position as Vice President and Chief Financial Officer.

Section 16(a) of the Securities Exchange Act of 1934 requires the Registrant's Directors, certain of its executive officers and persons who own more than ten percent of its Common Stock ("Insiders") to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange, Inc., and to furnish the Company with copies of all such forms they file. The Company understands from the information provided to it by the Insiders that they adhered to all filing requirements applicable to the Section 16 Filers, with the exception of one Form 4 for one transaction that was filed late by Mr. Orr.

PART II

ITEM 5. Market for Registrant's Common Stock and Related Stockholder Matters and Issuer Purchases of Equity Securities

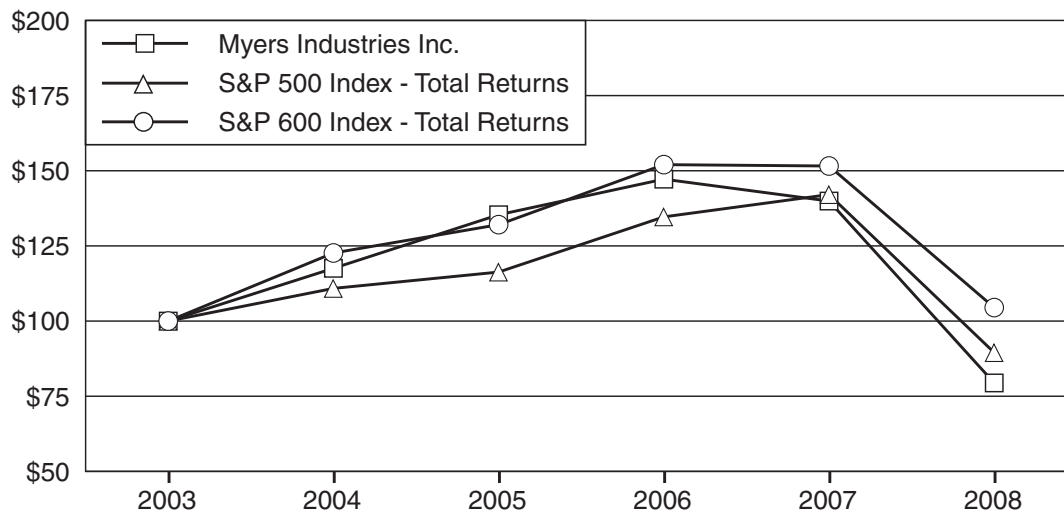
The Company's Common Stock is traded on the New York Stock Exchange (ticker symbol MYE). The approximate number of shareholders of record at December 31, 2008 was 1,752. High and low stock prices and dividends for the last two years were:

<u>2008</u> <u>Quarter Ended</u>	<u>Sales Price</u>		<u>Dividends</u>
	<u>High</u>	<u>Low</u>	
March 31	\$15.09	\$9.73	.06
June 30	13.70	8.13	.06
September 30	14.20	7.43	.06
December 31	12.94	4.80	.06
<u>2007</u> <u>Quarter Ended</u>	<u>Sales Price</u>		<u>Dividends</u>
	<u>High</u>	<u>Low</u>	
March 31	\$19.07	\$14.93	.05
June 30	22.73	18.59	.05
September 30	22.43	18.44	.05
December 31(1)	21.76	13.32	.34

(1) Includes a special dividend for \$.28 accrued at December 31, 2007 but not paid until 2008.

See Item 12 of this Form 10-K for the Equity Compensation Plan Information Table which is incorporated herein by reference.

**Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
December 2008**



		2003	2004	2005	2006	2007	2008
Myers Industries Inc.	Return%		17.55	15.15	8.75	-4.94	-43.24
	Cum \$	\$100	117.55	135.36	147.20	139.92	79.42
S&P 500 Index — Total Return	Return%		10.87	4.89	15.79	5.50	-36.99
	Cum \$	\$100	110.87	116.30	134.66	142.07	89.51
S&P 600 Index — Total Return	Return%		22.65	7.68	15.11	-0.30	-31.07
	Cum \$	\$100	122.65	132.07	152.03	151.58	104.49

ITEM 6. Selected Financial Data

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operations for the Year					
Net sales	\$867,830,285	\$918,792,960	\$779,984,388	\$736,880,105	\$635,912,379
Cost of sales	664,714,763	683,107,307	572,438,757	555,687,606	464,565,836
Selling	93,178,712	99,893,012	79,340,520	71,796,860	66,631,978
General and administrative	75,273,005	89,991,241	67,282,547	61,660,260	58,546,966
Impairment charges(1)	70,148,239	0	0	0	0
Other income(2)	0	(26,750,000)	0	0	0
Interest — net	<u>11,508,126</u>	<u>15,500,269</u>	<u>15,848,420</u>	<u>15,463,279</u>	<u>13,055,440</u>
	<u>914,822,845</u>	<u>861,741,829</u>	<u>734,910,244</u>	<u>704,608,005</u>	<u>602,800,220</u>
Income (loss) from continuing operations before income taxes	(46,992,560)	57,051,131	45,074,144	32,272,100	33,112,159
Income taxes	<u>(767,807)</u>	<u>20,103,000</u>	<u>16,363,613</u>	<u>12,907,205</u>	<u>12,925,464</u>
Income (loss) from continuing operations . .	<u>(46,224,753)</u>	<u>36,948,131</u>	<u>28,710,531</u>	<u>19,364,895</u>	<u>20,186,695</u>
Income (loss) from continuing operations per basic and diluted share(3)	<u>\$ (1.31)</u>	<u>\$ 1.05</u>	<u>\$.82</u>	<u>\$.56</u>	<u>\$.60</u>
Financial Position — At Year End					
Total assets	<u>\$568,899,926</u>	<u>\$697,552,369</u>	<u>\$661,983,220</u>	<u>\$765,259,921</u>	<u>\$785,602,562</u>
Current assets	<u>232,648,087</u>	<u>277,809,374</u>	<u>307,523,254</u>	<u>289,580,618</u>	<u>284,072,177</u>
Current liabilities	<u>96,969,686</u>	<u>158,474,639</u>	<u>134,727,219</u>	<u>128,575,091</u>	<u>136,251,927</u>
Working capital	135,678,401	119,334,735	172,796,035	161,005,527	147,820,250
Other assets	137,347,218	205,772,669	203,159,525	279,957,521	291,041,595
Property, plant and equipment — net. . . .	198,904,621	213,970,326	151,300,441	195,721,782	210,488,790
Less:					
Long-term debt, less current portion . .	169,545,667	167,253,706	198,274,578	249,523,633	275,252,278
Other long term liabilities	6,396,651	4,013,808	12,922,285	12,667,000	-0-
Deferred income taxes	<u>43,149,153</u>	<u>50,540,270</u>	<u>35,400,520</u>	<u>35,092,826</u>	<u>28,094,321</u>
Shareholders' Equity	<u>252,838,769</u>	<u>317,269,946</u>	<u>280,658,618</u>	<u>\$339,401,371</u>	<u>\$346,004,036</u>
Common Shares Outstanding(3)	<u>35,235,636</u>	<u>35,180,192</u>	<u>35,067,230</u>	<u>34,806,393</u>	<u>34,645,948</u>
Book Value Per Common Share(3)	<u>\$ 7.18</u>	<u>\$ 9.02</u>	<u>\$ 8.00</u>	<u>\$ 9.75</u>	<u>\$ 9.99</u>
Other Data					
Dividends(4)	\$ 8,451,497	\$ 17,495,413	\$ 7,173,706	\$ 6,946,838	\$ 6,478,502
Dividends per Common Share(3)	<u>0.24</u>	<u>0.50</u>	<u>0.20</u>	<u>0.20</u>	<u>0.19</u>
Average Basic Common Shares					
Outstanding during the year(3)	<u>35,211,811</u>	<u>35,140,581</u>	<u>34,978,269</u>	<u>34,724,488</u>	<u>33,846,511</u>

(1) The fourth quarter of 2008, includes a goodwill impairment charge of \$60.1 million related to the Company's Automotive and Custom segment and impairment charges of \$10.0 million for long-lived assets in the Lawn and Garden Segment.

(2) A non-operating income gain of \$26.8 million (\$35.0 million, net of related expenses) was recognized during the fourth quarter of 2007. This income resulted from a termination fee paid in connection with the Company's proposed merger.

(3) Adjusted for the 10% stock dividend issued in August 2004.

(4) Dividends in 2007 include a special dividend for \$9,850,454 accrued but not paid until 2008.

ITEM 7. Management's Discussion and Analysis of Results of Operations and Financial Condition

Executive Overview

The Company conducts its business activities in four distinct business segments, including three in manufacturing and one in distribution. The manufacturing segments consist of: Material Handling, Lawn and Garden, and Automotive and Custom.

In our manufacturing segments, the Company designs, manufactures, and markets a variety of plastic and rubber products. These products range from plastic reusable material handling containers and small parts storage bins to plastic horticultural pots and hanging baskets, decorative resin planters, plastic and rubber OEM parts, tire repair materials, and custom plastic and rubber products. The Distribution Segment is engaged in the distribution of tools, equipment and supplies used for tire, wheel and undervehicle service on passenger, heavy truck and off-road vehicles.

Results of Operations: 2008 versus 2007

Net Sales from Continuing Operations:

<u>Segment</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Lawn & Garden	\$272.8	\$300.9	\$(28.1)	(9)%
Material Handling	\$261.2	\$267.2	\$ (6.0)	(2)%
Distribution	\$187.1	\$203.2	\$(16.1)	(8)%
Auto & Custom	174.0	\$170.9	\$ 3.1	2%
Inter-segment elimination	<u>\$(27.3)</u>	<u>\$(23.4)</u>	<u>\$ (3.9)</u>	<u>(16)%</u>
TOTAL	<u>\$867.8</u>	<u>\$918.8</u>	<u>\$(51.0)</u>	<u>(6)%</u>

Net sales for 2008 were \$867.8 million, a decrease of 6% from the \$918.8 million reported in 2007. Sales in 2008 were adversely affected by the weakness in the general economy, which impacted virtually all segments of the Company's business and all markets in which the Company sells. The sales decline is due to lower sales volumes which more than offset the benefit of approximately \$38 million from increased selling prices.

Net sales in the Lawn and Garden segment in 2008 were down \$28.1 million or 9% compared to 2007. The decline in sales in 2008 is due to lower unit volumes because of reduced consumer purchasing due to the weak economy and a reduction in new housing construction. In the Lawn and Garden Segment, the impact of reduced volume more than offset the increase of approximately \$20.1 million due to higher selling prices. In the Material Handling segment, sales decreased \$6.0 million or 2% in 2008 compared to the prior year. The decrease reflects the impact of volume declines in automotive, industrial and other sectors which offset the benefit of approximately \$15.3 million from price increases.

Net sales in the Distribution segment decreased \$16.1 million or 8% in 2008 compared to the prior year. Sales were down due to lower unit volumes of \$15.6 million from softer sales of replacement tires and the impact of higher fuel prices and a weak economy which reduced miles driven. These factors reduced demand for the Company's tire service and retread consumable supplies. In addition, sales of equipment in the Distribution segment were weak as tire dealers, auto dealers, fleet and other customers deferred capital purchases. In the Auto and Custom segment, net sales in 2008 increased \$3.1 million, or 2% compared to the prior year, as higher selling prices of \$3.6 million and gains in niche custom molding markets offset significant volume declines in automotive and heavy truck markets.

Cost of Sales & Gross Profit from Continuing Operations:

<u>Cost of Sales and Gross Profit</u>	<u>2008</u>	<u>2007</u>
Cost of sales	\$664.7	\$683.1
Gross profit	\$203.1	\$235.7
Gross profit as a percentage of sales	23.4%	25.7%

Gross profit margin declined to 23.4% in 2008 compared with 25.7% in the prior year. The decline in gross profit and margin was primarily due to significantly higher raw material costs, particularly for plastic resins. Prices for high-density polyethylene and polypropylene resins were, on average, more than 20% higher in 2008 compared to 2007. In addition, lower volumes resulting from weakness in the U.S. economy reduced capacity utilization in the Company's manufacturing businesses and increased unabsorbed manufacturing overhead costs. The negative impact of higher raw material costs and reduced volumes in 2008 more than offset the reduction in cost from 2007 which included \$7.0 million of restructuring charges and purchase accounting adjustments.

Selling, General and Administrative (“SG&A”) Expenses from Continuing Operations:

<u>SG&A Expenses</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>
SG&A expenses	\$168.5	\$189.9	\$(21.4)
SG&A expenses as a percentage of sales	19.4%	20.7%	(1.3)%

Selling and administrative expenses decreased \$21.4 million or 11% compared with 2007. The reduction in SG&A expense in 2008 reflects the impact of lower sales volumes on selling expenses, including shipping and handling costs of \$4.7 million. SG&A expenses in 2008 contain unusual items of approximately \$7.4 million, including approximately \$5.7 million for consulting fees and other expenses incurred in connection with the restructuring of its Lawn & Garden business, while expenses in 2007 included approximately \$12.7 million of unusual charges, including: restructuring expenses, costs related to the Company's proposed merger transaction and foreign currency transaction losses. Excluding the impact of the unusual items, operating expenses in 2008 were approximately 18.6% of sales compared with 19.3% in 2007. The improvement in operating expense leverage in 2008 reflects the benefit of restructuring programs undertaken in 2007 and ongoing cost control programs and productivity initiatives.

Impairment Charges from Continuing Operations:

The Company recorded impairment charges of \$70.1 million in the fourth quarter of 2008. This includes a charge of \$60.1 million for goodwill in the Auto and Custom Segment. The impairment was attributable to the significant decline in demand over the latter part of 2008 and future projections for sales in the automotive, heavy truck, recreational vehicle, marine and other industrial markets served by the Auto and Custom reporting unit. Also, in connection with the Company's restructuring of the Lawn and Garden Segment, a charge of \$10.0 million was recorded to reflect the impairment of certain property, plant, and equipment and intangible assets.

Interest Expense from Continuing Operations:

<u>Net Interest Expense</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Interest expense	\$ 11.5	\$ 15.5	\$(4.0)	(26)%
Outstanding borrowings	\$171.6	\$170.9	\$ 0.7	1%
Average borrowing rate	5.81%	5.95%	(.14)	(2)%

Net interest expense in 2008 decreased \$4.0 million because of lower interest rates and lower average borrowing levels.

Income Before Taxes from Continuing Operations:

<u>Segment</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>%</u>
Lawn & Garden	\$ (1.8)	\$ 0.9	\$ (2.7)	(300)%
Material Handling	\$ 26.6	\$ 40.4	\$ (13.8)	(34)%
Distribution	\$ 17.5	\$ 20.5	\$ (3.0)	(14.8)%
Auto & Custom	\$(55.0)	\$ 9.0	\$ (64.0)	(713)%
Corporate and interest	\$(34.3)	\$(13.7)	\$ (20.6)	(150)%
Income (Loss)	<u>\$(47.0)</u>	<u>\$ 57.1</u>	<u>\$(104.1)</u>	<u>(182)%</u>

Key factors resulting in the 2008 loss include impairment charges of \$70.1 million on certain goodwill and long lived assets, lower sales volumes due to softness in the economy and significantly higher raw material costs. In 2007, the impact of restructuring expenses, foreign currency transaction losses, costs incurred in connection with the proposed merger agreement and other unusual items reduced income before taxes by an aggregate \$19.7 million.

Income Taxes from Continuing Operations:

<u>Consolidated Income Taxes</u>	<u>2008</u>	<u>2007</u>
Income (loss) before taxes	\$(47.0)	\$57.1
Income tax (benefit) expense	\$ (0.8)	\$20.1
Effective tax rate	1.6%	35.2%

The effective tax rate of 1.6% in 2008 was lower than the statutory rate of 35%, primarily because of the negative impact of the \$41.9 million portion of the goodwill impairment charge that was not deductible for tax purposes. As discussed above, the Company recorded a total impairment charge of \$60.1 million for goodwill in the Auto and Custom Segment.

Results of Operations: 2007 versus 2006

Net Sales from Continuing Operations:

<u>Segment</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>% Change</u>
Lawn & Garden	\$300.9	\$160.2	\$140.7	88%
Material Handling	\$267.2	\$240.1	\$ 27.1	11%
Distribution	\$203.2	\$197.3	\$ 5.9	3%
Auto & Custom	\$170.9	\$204.7	\$(33.8)	(17)%
Inter-segment elimination	\$(23.4)	\$(22.2)	\$ (1.2)	5%
TOTAL	<u>\$918.8</u>	<u>\$780.0</u>	<u>\$138.8</u>	<u>18%</u>

Net sales for 2007 were \$918.8 million, an increase of 18% from the \$780.0 million reported in 2006. Current year sales includes approximately \$151.0 million from the acquisition of ITML Horticultural Products (ITML), which was completed in January 2007, and \$28 million from the acquisition of material handling products from Schoeller Arca Systems, Inc. North America (SASNA) which was completed in March 2007.

The net sales increase in the Lawn & Garden segment was primarily driven by the contributions from ITML. Sales performance in this segment was adversely affected by unfavorable weather conditions, weakness in the housing market as well as ongoing shifts in the timing of purchases for the grower markets in reaction to adjustments to retail merchandising programs. In the Material Handling segment sales increased \$27.1 million, an increase of 11% as compared to 2006. The increase reflects additional sales of bulk container systems from the SASNA asset purchase as well as strong demand in many of the segment’s niche markets, including agriculture and reusable container systems.

Net sales in the Distribution segment increased \$5.9 million or 3% compared to 2006. Sales performance improved despite softness in tire service and retread markets, due to escalating fuel prices; and the downturn in housing construction, which impacts repair demand for heavy equipment tires. In the Auto & Custom segment, net sales in 2007 were down \$33.8 million, a decrease of 17% as compared to 2006. Sales performance was impacted by weakness in virtually all of the segment’s markets.

Cost of Sales & Gross Profit from Continuing Operations:

<u>Cost of Sales and Gross Profit</u>	<u>2007</u>	<u>2006</u>
Cost of sales	\$683.1	\$572.4
Gross profit	\$235.7	\$207.5
Gross profit as a percentage of sales	25.7%	26.6%

Cost of sales increased to \$683.1 million in 2007 from \$572.4 million in 2006, while gross profit increased to \$235.7 million in 2007 compared to \$207.5 million in 2006. These increases resulted from increased sales and reflect the impact of acquisitions made in 2007. Gross profit as a percentage of sales declined to 25.7% in 2007 from 26.6% in 2006. The decline in gross profit margin was primarily the result of restructuring expenses from closing several manufacturing facilities combined with the impact of purchase accounting adjustments related to acquisitions aggregating approximately \$8 million.

Selling, General and Administrative (“SG&A”) Expenses from Continuing Operations:

<u>SG&A Expenses</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
SG&A expenses	\$189.9	\$146.6	\$43.3
SG&A expenses as a percentage of sales	20.7%	18.8%	1.9%

Selling and administrative expenses for 2007 increased \$43.3 million or 30% compared with 2006. The largest portion of this increase was due to the acquisition of ITML, which represented \$31.8 million of the increase, including foreign currency transaction losses of \$4.7 million resulting from increased strength of Canadian currency as compared to the U.S. dollar. In addition, the Company incurred expenses of approximately \$4.7 million in connection with its proposed merger transaction with GS Capital Partners (GSCP).

Interest Expense from Continuing Operations:

<u>Net Interest Expense</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>% Change</u>
Interest expense	\$ 15.5	\$ 15.8	\$ (0.3)	(2)%
Outstanding borrowings	\$170.9	\$201.5	\$(30.6)	(15)%
Average borrowing rate	5.95%	6.01%	(.06)	1%

Net interest expense was \$15.5 million for 2007, a slight decrease compared to \$15.8 million in 2006. The decrease reflects a combination of lower interest rates and lower average borrowing levels.

Income Before Taxes from Continuing Operations:

<u>Segment</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>	<u>% Change</u>
Lawn & Garden	\$ 0.9	\$ 8.1	\$(7.3)	(89)%
Material Handling	\$ 40.4	\$ 34.9	\$ 5.5	15%
Distribution	\$ 20.5	\$ 22.2	\$(1.7)	(8)%
Auto & Custom	\$ 9.0	\$ 14.0	\$(5.0)	(36)%
Corporate and interest	\$(13.7)	\$(34.1)	\$20.4	60%
TOTAL	\$ 57.1	\$ 45.1	\$12.0	27%

Income before taxes was \$57.1 million in 2007, an increase of 27% compared with the \$45.1 million reported in 2006. Items impacting current year income included non-operational income of \$26.8 million (\$35 million termination fee net of related expenses) from GSCP related to the Company’s proposed merger transaction. In addition, current year income includes merger related expenses of \$4.7 million as well as restructuring and severance costs and purchase accounting adjustments aggregating approximately \$9.5 million.

Income before taxes in the Lawn and Garden segment declined from \$8.1 million in 2006 to \$0.9 million in 2007. The key factors affecting profitability in this segment included restructuring and purchase accounting adjustments totaling \$4.8 million and foreign currency transaction losses of \$4.7 million. Income before taxes in the Material Handling segment increased 15% from \$34.9 million in 2006 to \$40.4 million in 2007. Increased sales, favorable product mix and productivity gains more than offset the impact of restructuring and severance expenses of \$4.0 million, related to plant consolidation.

Income before taxes in the Distribution segment was \$20.5 million for 2007, a decrease of 8% as compared to \$22.2 million in 2006. The key factors influencing profitability in the Distribution segment in 2007 were unfavorable product mix in the second half of the year and increased operating expenses of \$2.9 million associated

with productivity initiatives including strategic investments in personnel and technology of \$1.7 million. Income before taxes in the Auto & Custom segment was \$9.0 million in 2007, a decrease of 36% as compared to \$14.0 million in 2006. Profitability in 2007 was adversely impacted by strategic initiatives to discontinue unprofitable businesses, which reduced sales volumes and lowered capacity utilization as well as restructuring expenses of \$0.7 million, primarily for headcount reductions.

Income Taxes from Continuing Operations:

<u>Consolidated Income Taxes</u>	<u>2007</u>	<u>2006</u>
Income before taxes	\$57.1	\$45.1
Income taxes	\$20.1	\$16.4
Effective tax rate	35.2%	36.3%

Our income tax rate as a percentage of pretax income from continuing operations for 2007 decreased from 36.3% to 35.2% as a result of the benefit from foreign tax rate differences and a higher domestic production deduction.

Financial Condition & Liquidity and Capital Resources

Cash provided by operating activities from continuing operations was \$60.2 million for the year ended December 31, 2008 compared to \$99.1 million in 2007. The decrease of \$38.9 million was primarily attributable to a reduction of \$51.3 million of cash from working capital. In addition, although income from continuing operations decreased \$56.4 million (excluding discontinued operations and non-operating income) in the current year, non-cash charges, including impairments, increased by \$68.8 million, from \$37.5 million in 2007 to \$106.3 million in 2008.

During 2008, cash used for working capital was significantly impacted by changes in accounts payable and accrued expenses and payments related to the \$35.0 million fee received in 2007 in connection with the termination of the Company’s proposed merger agreement. In 2008, the Company paid expenses of \$5.8 million and income taxes of \$12.6 million related to the termination fee. In addition, accrued employee compensation declined approximately \$8.0 million because of the reduction in bonus and profit sharing due to lower earnings in 2008. Accounts payable was also reduced by approximately \$19.0 million as the Company reduced purchasing during the fourth quarter in response to lower sales and production due to the severe economic contraction.

Capital expenditures were approximately \$40.7 million in 2008. These capital expenditures were larger than historical levels due to opportunistic investment in new manufacturing, molding and automated handling technology. In addition, the Company used cash to pay dividends of \$18.3 million in 2008, including a special dividend of \$9.9 million related to the terminated merger agreement, compared to \$7.6 million in 2007.

Total debt at December 31, 2008 was approximately \$171.6 million compared with \$170.9 million at December 31, 2007. The Company’s Credit Agreement provides available borrowing up to \$250 million and, as of December 31, 2008, the Company had approximately \$186 million available under this agreement. The Credit Agreement expires in October 2011 and, as of December 31, 2008, the Company was in compliance with all its debt covenants. The significant financial covenants include an interest coverage ratio and a leverage ratio, defined as earnings before interest, taxes, depreciation, and amortization, as adjusted, compared to total debt. The ratios as of and for the period ended December 31, 2008 are shown in the following table:

	<u>Required Level</u>	<u>Actual Level</u>
Interest Coverage Ratio	2.5 to 1 (minimum)	3.7
Leverage Ratio	3.5 to 1 (maximum)	2.2

The Company believes that cash flows from operations and available borrowing under its Credit Agreement will be sufficient to meet expected business requirements including capital expenditures, dividends, working capital, and debt service into the foreseeable future.

The following summarizes the Company's estimated future cash outflows from financial contracts and commitments:

	<u>Less than 1 Year</u>	<u>2-3 Years</u>	<u>4-5 Years</u>	<u>Thereafter</u>	<u>Total</u>
	(Dollars in Thousands)				
Principal payments on debt	\$ 2,021	\$133,316	\$35,610	\$ 620	\$171,567
Interest	9,241	13,777	4,819	0	27,837
Lease payments	9,600	14,590	6,914	27,159	58,263
Retirement benefits	<u>492</u>	<u>732</u>	<u>808</u>	<u>6,448</u>	<u>8,480</u>
Total	<u>\$21,354</u>	<u>\$162,415</u>	<u>\$48,151</u>	<u>\$34,227</u>	<u>\$266,147</u>

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk and Derivative Financial Instruments

The Company has certain financing arrangements that require interest payments based on floating interest rates. The Company's financial results are subject to changes in the market rate of interest. At present, the Company has not entered into any interest rate swaps or other derivative instruments to fix the interest rate on any portion of its financing arrangements with floating rates. Accordingly, based on current debt levels at December 31, 2008, if market interest rates increase one percent, the Company's interest expense would increase approximately \$630,000 annually.

Some of the Company's subsidiaries operate in foreign countries and their financial results are subject to exchange rate movements. The Company has operations in Canada with foreign currency exposure, primarily due to sales made from businesses in Canada to customers in the United States. These sales are denominated in US dollars. In addition, the Company's subsidiary in Brazil has loans denominated in U.S. dollars. In the fourth quarter of 2007, the Company began a systematic program to limit its exposure to fluctuations in exchange rates related to certain assets and liabilities of its operations in Canada and Brazil that are denominated in U.S. dollars. The net exposure generally ranges from \$5 to \$10 million. The foreign currency contracts and arrangements created under this program are not designated as hedged items under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", and accordingly, the changes in the fair value of the foreign currency arrangements, which have been immaterial, are recorded in the income statement. The Company's foreign currency arrangements are generally three months or less and, as of December 31, 2008, the Company had no foreign currency arrangements or contracts in place.

The Company uses certain commodities, primarily plastic resins, in its manufacturing processes. The cost of operations can be affected as the market for these commodities changes. The Company currently has no derivative contracts to hedge this risk, however, the Company also has no significant purchase obligations to purchase fixed quantities of such commodities in future periods.

In 2008, the cost of most plastic resins used in the Company's business has increased more than 20 percent compared to the prior year. Continuing increases in the cost of plastic resin or future adverse changes in the general economic environment could have a material adverse impact on the Company's financial position, results of operations or cash flows.

Critical Accounting Policies

Our discussion and analysis of the Company's financial condition and results of operations are based on the accompanying consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America. As indicated in the Summary of Significant Accounting Policies included in the notes to the consolidated financial statements (included in Item 8 of this report), the amount of assets, liabilities, revenue and expenses reported are affected by estimates and judgements that are necessary to comply with generally accepted accounting principles. We base our estimates on prior experience and other assumptions that we consider reasonable to our circumstances. We believe the following matters may involve a high degree of judgement and complexity.

Bad Debts — The Company evaluates the collectability of accounts receivable based on a combination of factors. In circumstances where the Company is aware of a specific customer's inability to meet its financial

obligations, a specific allowance for doubtful accounts is recorded against amounts due to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. Additionally, the Company also reviews historical trends for collectability in determining an estimate for its allowance for doubtful accounts. If economic circumstances change substantially, estimates of the recoverability of amounts due the Company could be reduced by a material amount.

Inventory — Inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for approximately 32 percent of the Company's inventories and the first-in, first-out (FIFO) method for all other inventories. Where appropriate, standard cost systems are utilized for purposes of determining cost; the standards are adjusted as necessary to ensure they approximate actual costs. Estimates of lower of cost or market value of inventory are determined based upon current economic conditions, historical sales quantities and patterns and, in some cases, the specific risk of loss on specifically identified inventories.

Goodwill — As a result of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets," recorded goodwill is subjected to annual impairment testing, unless significant changes in circumstances indicate a potential impairment may have occurred sooner. Goodwill impairment testing requires, in part, that we estimate the fair value of our business units which, in turn, requires that we make judgments concerning future cash flows and appropriate discount rates for those businesses. Fair values are established using comparative market multiples (Market Approach) in the current market conditions and discounted cash flows (Income Approach). For purposes of applying the SFAS 142 test, we have historically relied primarily on the Income Approach, because it considers factors unique to each of our businesses and related long range plans that may not be comparable to other businesses. The discount rates used are based on the weighted average cost of capital determined for each of the Company's reporting units and ranged from 10.4% to 11.1% in 2008. In addition we make certain judgments about the selection of comparable companies used in determining market multiples in valuing our business units, as well as certain assumptions to allocate shared assets and liabilities to calculate values for each of our business units. We also compare our book value and the estimates of fair value of the reporting units to our market capitalization as of and at dates near the annual testing date. Management uses this comparison as additional evidence of the fair value of the Company, as our market capitalization may be suppressed by other factors such as the control premium associated with a controlling shareholder, our leverage or general expectations regarding future operating results and cash flows. In situations where the implied value of the Company under the Income or Market Approach are significantly different than our market capitalization we re-evaluate and adjust, if necessary, the assumptions underlying our Income and Market Approach models.

Our estimate of the fair values of these business units and the related goodwill, could change over time based on a variety of factors, including the aggregate market value of the Company's common stock, actual operating performance of the underlying businesses or the impact of future events on the cost of capital and the related discount rates used.

Contingencies — In the ordinary course of business, we are involved in various legal proceedings and contingencies. We have recorded liabilities for these matters in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies" (SFAS No. 5). SFAS No. 5 requires a liability to be recorded based on our estimate of the probable cost of the resolution of a contingency. The actual resolution of these contingencies may differ from our estimates. If a contingency were settled for an amount greater than our estimates, a future charge to income would result. Likewise, if a contingency were settled for an amount that is less than our estimate, a future credit to income would result.

Income Taxes — Deferred income taxes are provided to recognize the effect of temporary differences between financial and tax reporting. Deferred income taxes are not provided for undistributed earnings of foreign consolidated subsidiaries as it is our intention to reinvest such earnings for an indefinite period of time. The Company has significant operations outside the United States and in jurisdictions with statutory tax rates lower than in the United States. As a result, significant tax and treasury planning of future operations are necessary to determine the proper amounts of tax assets, liabilities and expense to be recognized. SFAS No. 109, "Accounting for Income Taxes", requires that deferred tax assets be reduced by a valuation allowance, if based on all available evidence, it is more likely than not that the deferred tax asset will not be realized. The Company evaluates the recoverability of its deferred tax assets by assessing the adequacy of future expected taxable income from all

sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income inherently rely heavily on estimates.

Also, significant judgment is required in determining the Company's tax expense and in evaluating its tax positions, including evaluating uncertainties under FIN 48, *Accounting for Uncertainty in Income Taxes*. We review our tax positions quarterly and adjust the balances as new information becomes available.

Recent Pronouncements

Standards Adopted

In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements" ("SFAS 157") and in February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 157 was issued to eliminate the diversity in practice that exists due to the different definitions of fair value and the limited guidance in applying these definitions. SFAS 157 encourages entities to combine fair value information disclosed under SFAS 157 with other accounting pronouncements, including SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", where applicable. Additionally, SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions.

Effective January 1, 2008 the Company adopted SFAS 157 and SFAS 159. In February 2008, the FASB issued FASB Staff Position Nos. FAS 157-1 and FAS 157-2 ("FSP 157-1" and "FSP 157-2"). FSP 157-1 excludes SFAS No. 13, "Accounting for Leases", as well as other accounting pronouncements that address fair value measurements for leases, from the scope of SFAS No. 157. FSP 157-2 delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) until fiscal years beginning after November 15, 2008.

The Company did not elect the fair value option for any assets or liabilities under SFAS 159. The adoption of SFAS 157 and SFAS 159 did not materially affect the Company's consolidated financial results of operations, cash flows or financial position.

Standards Issued Not Yet Adopted

In December 2007, the FASB issued Statement No. 141R "Business Combinations" and FASB Statement No. 160, "Non-Controlling Interests in Consolidated Financial Statements". Statements 141R and 160 require most identifiable assets, liabilities, non-controlling interests, and goodwill acquired in a business combination to be recorded at "full fair value" and require non-controlling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with non-controlling shareholders. Both statements are effective for periods beginning after December 15, 2008, and earlier adoption is prohibited. Statement 160 will be applied prospectively to all non-controlling interests. The Company will apply the guidance of Statement 141R to business combinations completed on or after January 1, 2009.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, and amendment of SFAS No. 133." The Statement requires enhanced disclosures about an entity's derivative and hedging activities. The Statement is effective for fiscal years and interim periods beginning after November 15, 2008. The Company is evaluating the effect of additional disclosures required by the Statement beginning January 1, 2009.

ITEM 8. Financial Statements and Supplementary Data**Summarized Quarterly Results of Operations****Thousands of Dollars, Except Per Share Data**

<u>Quarter Ended 2008</u>	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>	<u>Total</u>
Net Sales	\$249,346	\$214,609	\$213,955	\$189,920	\$867,830
Gross Profit	59,960	49,393	48,057	45,706	203,116
Income from continuing operations.	8,648	2,880	1,318	(59,071)	(46,225)
Per Basic and Diluted Share25	.08	.04	(1.68)	(1.31)
<u>Quarter Ended 2007</u>	<u>March 31</u>	<u>June 30</u>	<u>Sept. 30</u>	<u>Dec. 31</u>	<u>Total</u>
Net Sales	\$246,471	\$225,622	\$213,921	\$232,780	\$918,793
Gross Profit	73,766	57,828	51,786	52,306	235,686
Income from continuing operations.	14,737	2,513	1,505	18,193	36,948
Per Basic and Diluted Share42	.07	.04	.52	1.05

In the fourth quarter of 2008, the Company recognized a goodwill impairment charge of \$60.1 million related to its Automotive and Custom segment and charges of \$13.5 million for impairment of long-lived assets and other expenses in connection with the restructuring of its Lawn and Garden Segment. In addition, the fourth quarter of 2008 benefited approximately \$3.5 million from the reduction of accrued bonus and profit sharing expenses.

In the fourth quarter of 2007, income from continuing operations included a non operating gain of \$26.8 million from a termination fee paid in connection with the Company's proposed merger.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors Myers Industries, Inc.:

We have audited the accompanying statements of consolidated financial position of Myers Industries, Inc. and subsidiaries (Company) as of December 31, 2008 and 2007, and the related statements of consolidated (loss) income, shareholders' equity and comprehensive (loss) income, and cash flows for each of the years in the three-year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Myers Industries, Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

As discussed in the Income Taxes note to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Standard No. 109*, effective January 1, 2007. In addition, as discussed in the Retirement Plans note to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)*, effective December 31, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 16, 2009, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Cleveland, Ohio
March 16, 2009

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Statements of Consolidated (Loss) Income

For The Years Ended December 31, 2008, 2007 and 2006

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net sales	\$867,830,285	\$918,792,960	\$779,984,388
Cost of sales	<u>664,714,763</u>	<u>683,107,307</u>	<u>572,438,757</u>
Gross profit	203,115,522	235,685,653	207,545,631
Selling expenses	93,178,712	99,893,012	79,340,520
General and administrative expenses	75,273,005	89,991,241	67,282,548
Impairment charges	<u>70,148,239</u>	<u>0</u>	<u>0</u>
	<u>238,599,956</u>	<u>189,884,253</u>	<u>146,623,068</u>
Operating (loss) income	(35,484,434)	45,801,400	60,922,563
Other income, net	0	26,750,000	0
Interest			
Income	(1,268,600)	(283,897)	(146,343)
Expense	<u>12,776,726</u>	<u>15,784,166</u>	<u>15,994,763</u>
	11,508,126	15,500,269	15,848,426
Income (loss) from continuing operations before income taxes . .	(46,992,560)	57,051,131	45,074,143
Income tax (benefit) expense	<u>(767,807)</u>	<u>20,103,000</u>	<u>16,363,613</u>
Income (loss) from continuing operations	(46,224,753)	36,948,131	28,710,531
Income (loss) from discontinued operations, net of tax	<u>1,732,027</u>	<u>17,787,645</u>	<u>(97,734,686)</u>
Net (loss) income	<u><u>\$ (44,492,726)</u></u>	<u><u>\$ 54,735,776</u></u>	<u><u>\$ (69,024,155)</u></u>
Net (loss) income per common share			
Basic			
Continuing operations	\$ (1.31)	\$ 1.05	\$.82
Discontinued operations	<u>.05</u>	<u>.51</u>	<u>(2.79)</u>
Net (loss) income	<u><u>\$ (1.26)</u></u>	<u><u>\$ 1.56</u></u>	<u><u>\$ (1.97)</u></u>
Diluted			
Continuing operations	\$ (1.31)	\$ 1.05	\$.82
Discontinued operations	<u>.05</u>	<u>.50</u>	<u>(2.79)</u>
Net (loss) income	<u><u>\$ (1.26)</u></u>	<u><u>\$ 1.55</u></u>	<u><u>\$ (1.97)</u></u>

The accompanying notes are an integral part of these statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Statements of Consolidated Financial Position

As of December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets		
Cash	\$ 10,417,303	\$ 7,558,832
Accounts receivable — less allowances of \$6,489,000 and \$3,915,000 respectively	94,780,315	129,631,910
Inventories		
Finished and in-process products	79,381,595	77,121,338
Raw materials and supplies	<u>34,151,650</u>	<u>48,034,866</u>
	113,533,245	125,156,204
Prepaid expenses	4,346,426	6,164,390
Deferred income taxes	<u>9,570,798</u>	<u>9,298,038</u>
Total Current Assets	232,648,087	277,809,374
Other Assets		
Goodwill	109,861,818	171,462,256
Patents and other intangible assets	22,291,104	28,335,537
Other	<u>5,194,296</u>	<u>5,974,876</u>
	137,347,218	205,772,669
Property, Plant and Equipment		
Land	5,403,325	5,696,694
Buildings and leasehold improvements	79,418,747	78,825,686
Machinery and equipment	<u>431,733,817</u>	<u>421,206,343</u>
	516,555,889	505,728,723
Less allowances for depreciation and amortization	<u>(317,651,268)</u>	<u>(291,758,397)</u>
	<u>198,904,621</u>	<u>213,970,326</u>
	<u>\$ 568,899,926</u>	<u>\$ 697,552,369</u>

The accompanying notes are an integral part of these statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Statements of Consolidated Financial Position

As of December 31, 2008 and 2007

	2008	2007
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 54,993,115	\$ 78,268,137
Accrued expenses		
Employee compensation	12,989,323	21,604,532
Taxes, other than income taxes	1,812,661	2,036,230
Income taxes	3,220,597	14,803,686
Accrued interest	791,149	455,842
Dividends payable	2,114,138	11,961,265
Other	19,027,825	25,718,870
Current portion of long-term debt	2,020,878	3,626,077
Total Current Liabilities	96,969,686	158,474,639
Long-term debt, less current portion	169,545,667	167,253,706
Other liabilities	6,396,651	4,013,808
Deferred income taxes	43,149,153	50,540,270
Shareholders' Equity		
Serial Preferred Shares (authorized 1,000,000 shares; none issued and outstanding)	0	0
Common Shares, without par value (authorized 60,000,000 shares; outstanding 35,235,636 and 35,180,192 shares, respectively)	21,450,670	21,416,849
Additional paid-in capital	275,986,991	273,617,888
Accumulated other comprehensive (loss) income	(4,569,876)	9,320,002
Retained (deficit) income	(40,029,016)	12,915,207
	252,838,769	317,269,946
	\$568,899,926	\$697,552,369

The accompanying notes are an integral part of these statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

**Statements of Consolidated Shareholders' Equity
and Comprehensive (Loss) Income**

For The Years Ended December 31, 2008, 2007 and 2006

	Common Shares		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Income (Deficit)	Comprehensive (Loss) Income
	Number	Amount				
Balance at January 1, 2006	34,806,393	\$21,188,831	\$267,562,138	\$ (1,524,303)	\$ 52,174,705	\$ (1,058,206)
Net loss	—	—	—	—	(69,024,155)	(69,024,155)
Sales under option plans	220,864	134,726	1,595,853	—	—	—
Employees stock purchase plan	31,408	19,159	437,148	—	—	—
Tax benefit for stock options exercised	—	—	553,780	—	—	—
Dividend reinvestment plan	8,565	5,225	132,238	—	—	—
Stock based compensation	—	—	555,314	—	—	—
Foreign currency translation adjustment	—	—	—	16,952,010	—	16,952,010
Dividends — \$.21 per share	—	—	—	—	(7,173,706)	—
Cumulative effect of change in accounting principle — adoption of SFAS 158	—	—	—	(4,481,665)	—	—
Pension liability	—	—	—	1,551,318	—	1,551,318
Balance at December 31, 2006	<u>35,067,230</u>	<u>\$21,347,941</u>	<u>\$270,836,471</u>	<u>\$ 12,497,362</u>	<u>\$(24,023,156)</u>	<u>\$(50,520,827)</u>
Net income	—	—	—	—	54,735,776	54,735,776
Sales under option plans	83,232	50,772	754,966	—	—	—
Employees stock purchase plan	24,697	15,066	399,647	—	—	—
Tax benefit for stock options exercised	—	—	161,370	—	—	—
Dividend reinvestment plan	5,033	3,070	88,944	—	—	—
Stock based compensation	—	—	1,376,490	—	—	—
Foreign currency translation adjustment	—	—	—	7,563,541	—	7,563,801
Dividends — \$.50 per share	—	—	—	—	(17,495,413)	—
Pension liability	—	—	—	(8,266)	—	(8,266)
Adoption of FIN 48	—	—	—	—	(302,000)	—
Realization of amounts previously recognized in AOCI on sale of discontinued operations	—	—	—	(10,732,635)	—	(10,732,635)
Balance at December 31, 2007	<u>35,180,192</u>	<u>\$21,416,849</u>	<u>\$273,617,888</u>	<u>\$ 9,320,002</u>	<u>\$ 12,915,207</u>	<u>\$ 51,558,676</u>
Net loss	—	—	—	—	\$(44,492,726)	\$(44,492,726)
Sales under option plans	16,407	19,864	318,889	—	—	—
Employees stock purchase plan	32,566	10,009	114,989	—	—	—
Tax benefit for stock options exercised	—	—	4,900	—	—	—
Dividend reinvestment plan	6,471	3,948	55,718	—	—	—
Stock based compensation	—	—	1,874,607	—	—	—
Foreign currency translation adjustment	—	—	—	(11,728,426)	—	(11,728,426)
Dividends — \$.24 per share	—	—	—	—	(8,451,497)	—
Pension liability	—	—	—	(2,161,452)	—	(2,161,452)
Balance at December 31, 2008	<u>35,235,636</u>	<u>\$21,450,670</u>	<u>\$275,986,991</u>	<u>\$ (4,569,876)</u>	<u>\$(40,029,016)</u>	<u>\$(58,382,604)</u>

The accompanying notes are an integral part of these statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Statements of Consolidated Cash Flows

For the Years Ended December 31, 2008, 2007 and 2006

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities			
Net (loss) income	\$ (44,492,726)	\$ 54,735,776	\$ (69,024,155)
Net (income) loss of discontinued operations	(1,732,027)	(17,787,645)	97,734,686
Non operating other income	-0-	(26,750,000)	-0-
Items not affecting use of cash			
Impairment charges	70,148,239	-0-	-0-
Depreciation	36,606,836	34,118,705	26,505,008
Amortization of other intangible assets	3,739,581	3,608,304	1,707,516
Non cash stock compensation	1,874,607	1,376,490	555,314
Deferred taxes	(5,669,245)	(3,382,644)	(101,352)
Loss (gain) on disposition of property, plant and equipment . .	(389,187)	1,722,252	-0-
Cash flow provided by (used for) working capital			
Accounts receivable	28,364,314	21,393,544	2,614,403
Inventories	5,743,125	13,128,641	9,212,812
Prepaid expenses	1,658,591	437,995	(1,907,760)
Accounts payable and accrued expenses	(35,635,015)	16,483,989	389,418
Net cash provided by operating activities of continuing operations	60,217,093	99,085,406	67,685,890
Net cash provided by (used for) operating activities of discontinued operations	1,732,027	(2,016,769)	13,261,186
Net cash provided by operating activities	<u>61,949,120</u>	<u>97,068,637</u>	<u>80,947,076</u>
Cash Flows From Investing Activities			
Acquisition of businesses, net of cash acquired	-0-	(95,698,323)	-0-
Proceeds from merger termination	-0-	32,500,000	-0-
Proceeds from sale of plant	1,576,221	-0-	-0-
Additions to property, plant and equipment	(40,976,303)	(19,809,973)	(12,381,407)
Other	408,310	1,003,815	701,574
Net cash used for investing activities of continuing operations . .	(38,991,772)	(82,004,481)	(11,679,833)
Net cash provided by (used for) investing activities of discontinued operations	-0-	67,906,906	(1,656,735)
Net cash used for investing activities	<u>(38,991,772)</u>	<u>(14,097,575)</u>	<u>(13,336,568)</u>
Cash Flows From Financing Activities			
Repayment of long term debt	-0-	(60,559,865)	-0-
Net borrowing (repayment) under credit facility	7,356,348	(42,373,780)	(49,887,562)
Cash dividends	(18,301,951)	(7,644,959)	(7,173,706)
Proceeds from issuance of common stock	523,417	1,312,465	2,324,349
Excess tax benefit from options exercised	4,900	161,370	553,780
Deferred financing costs	-0-	(41,072)	(380,956)
Net cash used for financing activities of continuing operations . .	(10,417,286)	(109,145,841)	(54,564,095)
Net cash used for financing activities of discontinued operations	-0-	(224,444)	(249,062)
Net cash used for financing activities	<u>(10,417,286)</u>	<u>(109,370,285)</u>	<u>(54,813,157)</u>
Foreign Exchange Rate Effect on Cash	(9,681,591)	234,355	1,767,129
Net increase (decrease) in cash	2,858,471	(26,164,868)	14,564,480
Cash at January 1	7,558,832	33,723,700	19,159,220
Cash at December 31 (\$27,086,311 included in discontinued operations at December 31, 2006)	<u>\$ 10,417,303</u>	<u>\$ 7,558,832</u>	<u>\$ 33,723,700</u>
Supplemental Disclosures of Cash Flow Information			
Cash paid during the year for			
Interest	<u>\$ 10,748,722</u>	<u>\$ 15,645,631</u>	<u>\$ 16,225,095</u>
Income taxes	<u>\$ 19,339,964</u>	<u>\$ 14,024,429</u>	<u>\$ 20,096,118</u>

The accompanying notes are an integral part of these statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Myers Industries, Inc. and all wholly owned subsidiaries (Company). All intercompany accounts and transactions have been eliminated in consolidation. All subsidiaries that are not wholly owned and are not included in the consolidated results of the Company are immaterial investments which have been accounted for under the cost or equity method. The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Translation of Foreign Currencies

All asset and liability accounts of consolidated foreign subsidiaries are translated at the current exchange rate as of the end of the accounting period and income statement items are translated monthly at an average currency exchange rate for the period. The resulting translation adjustment is recorded in other comprehensive (loss) income as a separate component of shareholders' equity.

Financial Instruments

Financial instruments, consisting of trade and notes receivable, and certain long-term debt at variable interest rates, are considered to have a fair value which approximates carrying value at December 31, 2008. The Company's \$100 million senior notes have a fair value of approximately \$94.3 million at December 31, 2008.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk primarily consist of trade accounts receivable. The concentration of accounts receivable credit risk is generally limited based on the Company's diversified operations, with customers spread across many industries and countries. No single customer accounts for more than four percent of total sales and no country, outside of the United States, accounts for more than ten percent of total sales. In addition, management has established certain requirements that customers must meet before credit is extended. The financial condition of customers is continually monitored and collateral is usually not required. The Company evaluates the collectability of accounts receivable based on a combination of factors. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations, a specific allowance for doubtful accounts is recorded against amounts due to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. Additionally, the Company also reviews historical trends for collectability in determining an estimate for its allowance for doubtful accounts. If economic circumstances change substantially, estimates of the recoverability of amounts due the Company could be reduced by a material amount. Expense related to bad debts was approximately \$3,846,000, \$2,915,000 and \$1,164,000 for the years 2008, 2007 and 2006, respectively.

Inventories

Inventories are stated at the lower of cost or market. For approximately 32 percent of its inventories, the Company uses the last-in, first-out (LIFO) method of determining cost. All other inventories are valued at the first-in, first-out (FIFO) method of determining cost.

If the FIFO method of inventory cost valuation had been used exclusively by the Company, inventories would have been \$12,043,000, \$13,714,000, and \$11,452,000 higher than reported at December 31, 2008, 2007 and 2006, respectively. In 2008 and 2007, the liquidation of LIFO inventories decreased cost of sales, and therefore increased income before taxes by approximately \$756,000 and \$1.6 million, respectively.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization on the basis of the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20 to 30 years
Leasehold Improvements	7 to 10 years
Machinery and Equipment	3 to 12 years
Vehicles	1 to 3 years

Long-Lived Assets

The Company reviews its long-lived assets and identifiable intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Measurement of the amount of impairment related to assets to be held and used is based upon undiscounted future cash flows resulting from the use and ultimate disposition of the asset. For assets held for disposal, this amount may be based upon appraisal of the asset, estimated market value of similar assets or estimated cash flow from the disposition of the asset. At December 31, 2008 and 2007, the Company has approximately \$2.9 million and \$3.4 million, respectively, of property, plant, and equipment held for sale which represents the estimated net realizable value of these assets and is included in other assets on the accompanying statement of consolidated financial position. In 2008, the Company recorded \$10.1 million for the impairment of certain property, plant, equipment and certain intangible assets in association with the restructuring of its Lawn and Garden businesses. In 2007, the Company recorded expense of \$0.7 million to write down the value of assets in the Lawn and Garden businesses no longer used in production. In 2006, the Company recorded expense of \$0.3 million in the Automotive and Custom businesses to write off the net book value of certain leasehold improvements no longer used in production.

Accumulated Other Comprehensive (Loss) Income

As of December 31, 2008, 2007, and 2006, the balance in the Company's accumulated other comprehensive (loss) income is comprised of the following:

<u>In Thousands</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Foreign currency translation adjustments	\$(1,822)	\$9,906	\$18,054
Pension adjustments	<u>(2,748)</u>	<u>(586)</u>	<u>(5,557)</u>
Total	<u>\$(4,570)</u>	<u>\$9,320</u>	<u>\$12,497</u>

Revenue Recognition

The Company recognizes revenues from the sale of products, net of actual and estimated returns, at the point of passage of title, which is at the time of shipment, and collectibility of the fixed or determinable sales price is reasonably assured.

Shipping and Handling

Shipping and handling expenses are classified as selling expenses in the accompanying statements of consolidated income. The Company incurred shipping and handling costs of approximately \$29.3 million, \$34.0 million and \$25.0 million for the years ended December 31, 2008, 2007 and 2006, respectively.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

Stock Based Compensation

The Company has an incentive stock plan that provides for the granting of stock-based compensation to employees and, in certain instances, to non-employee directors. Shares are issued upon exercise from authorized, unissued shares.

The Company records the costs of the plan under the provisions of SFAS No. 123 (Revised 2004), Share-Based Payment (SFAS No. 123(R)), which was adopted effective January 1, 2006 using the modified prospective transition method. For transactions in which we obtain employee services in exchange for an award of equity instruments, we measure the cost of the services based on the grant date fair value of the award. The Company recognizes the cost over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). Cash flows resulting from tax benefits for deductions in excess of compensation cost recognized are included in financing cash flows.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be received or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In July 2006, the FASB issued Interpretation No. 48, *Accounting of Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109*, or FIN 48. FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with SFAS 109. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. The Company adopted FIN 48 effective January 1, 2007 and the provisions of FIN 48 have been applied to all income tax provisions commencing from that date. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits within operations as income tax expense. The cumulative effect of applying the provisions of FIN 48, totaling \$302,000, has been reported as an adjustment to the opening balance of our retained deficit as of January 1, 2007.

Prior to 2007 the Company measured its tax contingencies in accordance with SFAS No. 5, *Accounting for Contingencies*, or SFAS 5. The Company recorded estimated tax liabilities to the extent the contingencies were probable and could be reasonably estimated.

Goodwill and Intangible Assets

Under the provisions of SFAS No. 142, the Company is required to test for impairment on at least an annual basis. The Company conducts its annual impairment assessment as of October 1. In addition, the Company will test for impairment whenever events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying amount. Such events may include, but are not limited to, significant changes in economic and competitive conditions, the impact of the economic environment on the Company's customer base or its businesses, or a material negative change in its relationships with significant customers.

In evaluating goodwill for impairment the Company uses a combination of valuation techniques primarily using discounted cash flows to determine the fair values of its business reporting units and market based multiples as supporting evidence. The variables and assumptions used, including the projections of future revenues and expenses, working capital, terminal values, discount rates and the market multiples observed in sale transactions are determined separately for each reporting unit. The discount rates used are based on the weighted average cost of capital determined for each of the Company's reporting units and ranged from 10.4% to 11.1% in 2008. In addition

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

we make certain judgements about the selection of comparable companies used in determining market multiples in valuing our business units, as well as certain assumptions to allocate shared assets and liabilities to calculate values for each of our business units. The underlying assumptions used are based on historical actual experience and future expectations that are consistent with those used in the Company's strategic plan. The Company compares the fair value of each of its reporting units to their respective carrying values, including related goodwill. We also compare our book value and the estimates of fair value of the reporting units to our market capitalization as of and at dates near the annual testing date. Management uses this comparison as additional evidence of the fair value of the Company, as our market capitalization may be suppressed by other factors such as the control premium associated with a controlling shareholder, our leverage or general expectations regarding future operating results and cash flows. In situations where the implied value of the Company under the Income or Market Approach are significantly different than our market capitalization we re-evaluate and adjust, if necessary, the assumptions underlying our Income and Market Approach models. Our estimate of the fair values of these business units and the related goodwill, could change over time based on a variety of factors, including the aggregate market value of the Company's common stock, actual operating performance of the underlying businesses or the impact of future events on the cost of capital and the related discount rates used.

In completing its 2008 annual test of goodwill which the Company also evaluated given year end market conditions, the Company determined that the Auto and Custom reporting unit failed Step 1 of the SFAS No. 142 test, requiring a Step 2 test to determine the amount, if any, of impairment charge. Based on the results of Step 2 testing, the Company recorded an impairment charge of \$60.1 million in the fourth quarter of 2008. The impairment was attributable to the significant decline in demand over the latter part of 2008 and future projections for sales in the automotive, heavy truck, recreational vehicle, marine and other industrial markets served by the Auto and Custom reporting unit.

The change in goodwill for the years ended December 31, 2008 and 2007 is as follows:

<u>(Amount in thousands)</u>	<u>Distribution</u>	<u>Material Handling</u>	<u>Automotive and Custom</u>	<u>Lawn and Garden</u>	<u>Total</u>
December 31, 2006	\$214	\$30,383	\$ 60,074	\$71,544	\$162,215
Acquisitions	0	0	0	9,211	9,211
Foreign currency translation	<u>0</u>	<u>0</u>	<u>0</u>	<u>36</u>	<u>36</u>
December 31, 2007	\$214	\$30,383	\$ 60,074	\$80,791	\$171,462
Impairments	0	0	(60,074)	0	(60,074)
Foreign currency translation	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,526)</u>	<u>(1,526)</u>
December 31, 2008	<u>\$214</u>	<u>\$30,383</u>	<u>-0-</u>	<u>\$79,265</u>	<u>\$109,862</u>

Intangible assets other than goodwill primarily consist of trade names, customer relationship, patents, and technology assets established in connection with previous acquisitions. These intangible assets, other than trade names, are amortized over their estimated useful lives. Estimated annual amortization expense for the five years ending December 31, 2013 are: \$3,021,000 in 2009; \$2,906,000 in 2010; \$2,559,000 in 2011, \$2,443,000 in 2012 and \$1,907,000 in 2013.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

Intangible assets at December 31, 2008 and 2007, consisted of the following:

			2008			2007	
	Life	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Tradename	Indefinite	\$ 3,492,650	—	\$ 3,492,650	\$ 4,272,775	—	\$ 4,272,775
Customer Relationships	6 - 13 years	15,497,195	\$ (5,749,392)	9,747,803	16,694,533	\$(4,039,451)	12,655,082
Technology(1)	7.5 years	2,100,000	(2,100,000)	—	2,100,000	(980,000)	1,120,000
Patents	10 years	10,900,000	(1,998,344)	8,901,656	10,900,000	(908,333)	9,991,667
Non-Compete	3 years	396,972	(247,977)	148,995	418,679	(122,666)	296,013
		<u>\$32,386,817</u>	<u>\$(10,095,713)</u>	<u>\$22,291,104</u>	<u>\$34,385,987</u>	<u>\$(6,050,450)</u>	<u>\$28,335,537</u>

(1) Accumulated amortization for 2008 includes an impairment charge of \$840,000.

Net Income Per Share

Net income (loss) per share, as shown on the Statements of Consolidated (Loss) Income, is determined on the basis of the weighted average number of common shares outstanding during the periods as follows:

	2008	2007	2006
Weighted average common shares outstanding			
Basic	35,211,811	35,140,581	34,978,269
Dilutive effect of stock options and restricted stock	—	108,991	65,889
Weighted average common shares outstanding — diluted	<u>35,211,811</u>	<u>35,249,572</u>	<u>35,044,158</u>

Merger Agreement

On April 3, 2008, the Company entered into a letter agreement mutually terminating the Agreement and Plan of Merger (the “Merger Agreement”) with MYEH Corporation, a Delaware corporation (the “Parent”) and MYEH Acquisition Corporation, an Ohio corporation (“MergerCo”). Under the terms of the Merger Agreement, MergerCo would have been merged with and into the Company, with the Company continuing as the surviving corporation and becoming a wholly-owned subsidiary of Parent (the “Merger”). Parent is owned by GS Capital Partners, LP (GSCP) and other private equity funds sponsored by Goldman, Sachs & Co.

The Merger Agreement contained termination rights for both the Company and Parent in the event the Merger was not consummated by December 15, 2007. In December 2007, an agreement was made to extend this date from December 15, 2007 to April 30, 2008. This extension did not provide GSCP additional rights with respect to the potential merger and any consummation of the merger would have remained subject to satisfaction of the conditions to the closing in the Merger Agreement. In connection with the extension, GSCP paid the Company a previously agreed upon \$35 million termination fee in 2007. This non refundable termination fee, net of related expenses of \$8.25 million, was recorded as other income by the Company in the fourth quarter of 2007. In addition, as permitted by the extension, the Company paid a special dividend of \$0.28 per common share totaling approximately \$9.85 million on January 2, 2008 to shareholders of record as of December 20, 2007.

Discontinued Operations

In the third quarter of 2006, the Company’s Board of Directors approved a plan divestiture of the Company’s former Material Handling — Europe business segment. On October 20, 2006, the Company entered into a definitive agreement to sell these businesses and the sale was completed on February 1, 2007 with net proceeds of approximately \$68.1 million received. Included in net income for the year ended December 31, 2007 was a gain of approximately \$17.8 million, net of taxes of \$3.3 million, from the disposition of these businesses. In 2008, the

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

Company also recorded net income of approximately \$1.7 million as a result of net proceeds received related to the settlement of certain contingencies in connection to the disposed business.

These discontinued operations had net sales of \$14.9 million and net income from operations of \$1,886 in 2007 prior to the disposition. The discontinued operations generated sales of \$170.9 million for the year ended December 31, 2006. For the year ended December 31, 2006, these discontinued businesses had a net loss of \$97.7 million (net of \$3.4 million tax benefit), which included a goodwill impairment charge of \$109.8 million.

In accordance with U.S. generally accepted accounting principles, the operating results related to these businesses have been included in discontinued operations in the Company's statements of consolidated income for all periods presented.

Acquisitions

On January 9, 2007, the Company acquired all the shares of ITML Horticultural Products, Inc., an Ontario corporation ("ITML"). ITML designs, manufactures and sells plastic containers and related products for professional floriculture / horticulture grower markets across North America, utilizing injection molding, blow molding, and thermoforming processes. Additionally, ITML utilizes extensive technology and expertise for resin reprocessing and recycling for use in its products. The acquired business had fiscal 2006 annual sales of approximately \$169.5 million. The total purchase price was approximately \$118.6 million, which includes the assumption of approximately \$64.6 million of debt outstanding as of the acquisition date. In addition, the acquisition allows for additional purchase consideration to be paid contingent upon the results of the Company's Lawn and Garden segment in 2008, specifically the achievement of earnings before interest taxes, depreciation and amortization compared to targeted amounts. Based upon operating results in 2008, the Company's management does not anticipate payment of additional purchase consideration under this contingency.

On March 8, 2007, the Company acquired select equipment, molds and inventory related to the Xytec and Combo product lines of Schoeller Arca Systems Inc., a subsidiary of Schoeller Arca Systems N.V., in North America ("SASNA"). These product lines include collapsible bulk containers used for diverse shipping and handling applications in markets from manufacturing to food to liquid transport. The acquired business had 2006 annual sales of approximately \$50 million. The total purchase price was approximately \$41.6 million.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

The results for both ITML and SASNA product lines are included in the consolidated results of operations from the date of acquisition. ITML is included in the Company's Lawn and Garden Segment and the SASNA product lines are included in the Material Handling Segment. The allocation of the purchase price and the estimated goodwill and other intangibles are as follows:

<u>(Amounts in Thousands)</u>	<u>ITML</u>	<u>Schoeller Arca</u>
Assets acquired:		
Accounts receivable.....	\$ 45,252	\$ -0-
Inventory.....	37,107	8,825
Property, plant & equipment.....	56,142	18,100
Intangibles.....	9,200	14,700
Other.....	<u>4,409</u>	<u>-0-</u>
	152,110	41,625
Liabilities assumed:		
Accounts payable and accruals.....	(25,496)	-0-
Debt.....	(64,570)	-0-
Deferred Income Taxes.....	<u>(17,182)</u>	<u>-0-</u>
	(107,248)	-0-
Goodwill.....	<u>9,211</u>	<u>-0-</u>
Total consideration.....	<u>\$ 54,073</u>	<u>\$41,625</u>

The results of ITML operations are included in the Company's consolidated results of operations from January 9, 2007, the date of acquisition and are reported in the Company's Lawn and Garden Segment. The following unaudited pro forma information presents a summary of consolidated results of operations for the Company including ITML as if the acquisition had occurred January 1, 2006.

<u>(Amounts in Thousands, except per share)</u>	<u>2007</u>	<u>2006</u>
Net Sales.....	\$923,348	\$947,406
Income from Continuing Operations.....	36,953	34,819
Income from Continuing Operations per basic and diluted share.....	\$ 1.05	\$ 1.00

These unaudited pro forma results have been prepared for comparative purposes only and may not be indicative of results of operations which actually would have occurred had the acquisition taken place on January 1, 2006, of future results.

In the second quarter of 2007, the Company approved a plan for ITML integration activities, which resulted in the closure of two facilities in the Lawn and Garden Segment, including the acquired ITML plants in Brampton, Ontario, and Lugoff, South Carolina. These facilities, which were part of the Company's acquisition of ITML in January 2007, produced nursery containers, specialty retail horticultural products, and custom plastic products. Total costs related to the plan were approximately \$4.3 million, including the \$2.3 million accrued at acquisition and \$2.0 million expensed and paid in 2007.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

In accordance with FASB EITF Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination," the Company recorded accruals for severance, exit and relocation costs as part of the purchase price allocation of ITML. A reconciliation of the accrual balance included in Other Accrued Expenses on the accompanying statement of consolidated financial position is as follows:

<u>(Dollars in Thousands)</u>	<u>Severance and Personnel</u>	<u>Contract Termination Fees</u>	<u>Total</u>
Accrued at acquisition date	\$ 2,023	\$ 241	\$ 2,264
Provision	-0-	-0-	-0-
Less: Payments	<u>(1,703)</u>	<u>(241)</u>	<u>(1,944)</u>
Balance at December 31, 2007	\$ 320	\$ 0	\$ 320
Less: Payments	<u>(320)</u>	<u>-0-</u>	<u>(320)</u>
Balance at December 31, 2008	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Restructuring & Impairment Charges

In the fourth quarter of 2008, the Company adopted a plan to restructure its Lawn and Garden Segment. As a result, the Company announced the permanent closure of its Surrey, B.C., Canada and Sparks, Nevada manufacturing facilities. The production from these facilities will be reallocated to the segment's other five manufacturing facilities in 2009. In conjunction with the reallocation of production, the Company recorded an impairment charge of \$10.0 million related to certain property, plant, and equipment and intangible assets at these and other manufacturing Lawn and Garden Segment facilities. The Company also incurred consulting costs and other expenses associated with the development of the plan that were expensed and paid in 2008.

In 2009, the Company expects to incur additional charges of \$2.6 million for severance and other termination benefits and \$5.4 million of other restructuring charges associated with the realignment, primarily for consulting expenses.

In the second quarter of 2007, the Company approved and adopted a plan to consolidate existing production facilities. Under the terms of the consolidation plan, the Dawson Springs, Kentucky manufacturing facility, included in the Company's Material Handling Segment, was permanently closed and production capabilities and product lines were shifted to the Company's other existing manufacturing facilities in North America. The accrued liability balance for severance and exit costs is included in Other Accrued Expenses on the accompanying statement of consolidated financial position.

Activity related to the Lawn and Garden Segment restructuring for the year ended December 31, 2008 and the Dawson Springs restructuring liability for the year ended December 31, 2007 consisted of the following:

<u>(Dollars in Thousands)</u>	<u>Severance and Personnel</u>	<u>Other Exit Costs</u>	<u>Total</u>
Balance at January 1, 2007	\$ 0	\$ 0	\$ 0
Provision	937	90	1,027
Less: Payments	<u>(918)</u>	<u>(90)</u>	<u>(1,008)</u>
Balance at December 31, 2007	\$ 19	\$ 0	\$ 19
Provision	92	5,588	5,680
Less: Payments	<u>(111)</u>	<u>(5,588)</u>	<u>(5,699)</u>
Balance at December 31, 2008	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

Stock Compensation

In 1999, the Company and its shareholders adopted the 1999 Stock Plan allowing the Board of Directors to grant key employees and Directors various types of stock based awards including stock options, restricted stock and stock appreciation rights. In general, options granted and outstanding vest over three to five years and expire ten years from the date of grant. At December 31, 2008, there were 130,990 shares available for future grant under the Plan. On January 1, 2009, the 1999 Stock Plan expired by its terms, and these shares were no longer available for future grants from that date. The following tables summarize stock option activity in the past three years:

Options granted in 2008, 2007 and 2006:

<u>Year</u>	<u>Options</u>	<u>Exercise Price</u>
2008	604,621	\$ 9.00 to \$12.55
2007	23,000	\$18.62
2006	382,800	\$15.11 to \$17.21

Options exercised in 2008, 2007 and 2006:

<u>Year</u>	<u>Options</u>	<u>Exercise Price</u>
2008	16,169	\$8.00 to \$11.15
2007	87,068	\$8.00 to \$17.02
2006	238,896	\$7.44 to \$12.26

In addition, options totaling 49,885, 62,342, and 47,321 expired during the years ended December 31, 2008, 2007 and 2006, respectively. Options outstanding and exercisable at December 31, 2008, 2007 and 2006 were as follows:

<u>Year</u>	<u>Outstanding</u>	<u>Range of Exercise Prices</u>	<u>Exercisable</u>	<u>Weighted Average Exercise Price</u>
2008	1,193,376	\$8.00 to \$18.62	445,750	\$13.66
2007	654,809	\$8.00 to \$18.62	329,156	\$12.71
2006	781,219	\$8.00 to \$17.21	210,882	\$13.52

Stock compensation expense related to SFAS 123R reduced income before taxes approximately \$1,875,000, \$1,376,000 and \$555,000 for the years ended December 31, 2008, 2007, and 2006, respectively. These expenses are included in selling and administrative expenses in the accompanying Statement of Consolidated (Loss) Income. Total unrecognized compensation cost related to non-vested share based compensation arrangements at December 31, 2008 was approximately \$3.8 million, which will be recognized over the next four years.

The fair value of options granted is estimated using an option pricing model based on assumptions set forth in the following table. The Company uses historical data to estimate employee exercise and departure behavior. The risk free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant and through the expected term. The dividend yield is based on the Company's historical dividend yield. The expected volatility is derived

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

from historical volatility of the Company's shares and those of similar companies measured against the market as a whole.

<u>Model</u>	<u>2008 Black Scholes</u>	<u>2007 Black Scholes</u>	<u>2006 Black Scholes</u>
Risk free interest rate	3.38%	4.70%	4.70%
Expected dividend yield	1.91%	1.23%	1.23%
Expected life of award (years)	5.25	6.0	6.0
Expected volatility	41.41%	31.58%	31.58%
Fair value per option share	\$ 4.10	\$ 6.00	\$ 5.95

The following table summarizes the stock option activity for the period ended December 31, 2008:

	<u>Options</u>	<u>Average Exercise Price</u>	<u>Weighted Average Life</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 31, 2007	654,809	\$14.12		
Options Granted	604,621	11.07		
Options Exercised	(16,169)	8.98		
Cancelled or Forfeited	(49,885)	15.47		
Outstanding at December 31, 2008	<u>1,193,376</u>	<u>12.59</u>	<u>8.11</u>	<u>-0-</u>
Exercisable at December 31, 2008	<u>445,750</u>	<u>\$13.66</u>		

In addition, on October 3, 2008, the Company awarded 584,869 options with an exercise price of \$10.92, which is equal to the closing market price of the Company's stock on that date. Issuance of these options is subject to shareholder approval of the 2008 Incentive Stock Plan at the Company's Annual Meeting on April 30, 2009, as there are currently not a sufficient number of options available under the 1999 Stock Plan. The full text of the 2008 Incentive Stock Plan is attached as Annex A to the proxy statement filed in connection with the annual meeting of shareholders to be held on April 30, 2009. If these shares were included in the table above, the average exercise price would be \$12.04 and the weighted average life would be 8.65 years. If shareholder approval is not obtained, this option award will be cancelled.

The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option. The total intrinsic value of the options exercised during the years ended December 31, 2008, 2007, and 2006 was approximately \$62,000, \$768,000 and \$1,789,000 respectively. At December 31, 2008, 2007, and 2006 the Company had outstanding 124,250, 63,000 and 61,000 shares of restricted stock, respectively, with vesting periods up through April 2011. The restricted stock awards are rights to receive shares of common stock subject to forfeiture and other restrictions.

Contingencies

The Company is a defendant in various lawsuits and a party to various other legal proceedings, in the ordinary course of business, some of which are covered in whole or in part by insurance. We believe that the outcome of these lawsuits and other proceedings will not individually or in the aggregate have a future material adverse effect on our consolidated financial position, results of operations or cash flows.

A number of parties, including the Company and its subsidiary, Buckhorn, Inc., were identified in a planning document adopted in October 2008 by the California Regional Water Quality Control Board, San Francisco Bay Region (RWQCB). The planning document relates to the presence of mercury, including amounts contained in mining wastes, in and around the Guadalupe River Watershed (Watershed) region in Santa Clara County, California. Buckhorn has been alleged to be a successor in interest to an entity that performed mining operations in a portion of

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

the Watershed area. The Company has not been contacted by the RWQCB with respect to Watershed clean-up efforts that may result from the adoption of this planning document. The extent of the mining wastes that may be the subject of future cleanup has yet to be determined, and the actions of the RWQCB have not yet advanced to the stage where a reasonable estimate of remediation cost, if any, is available. Although assertion of a claim by the RWQCB is reasonably possible, it is not possible at this time to estimate the amount of any obligation the Company may incur for these cleanup efforts within the Watershed region, or whether such cost would be material to the Company's financial statements.

Long-Term Debt and Credit Agreements

Long-term debt at December 31, 2008 consisted of the following:

	<u>2008</u>	<u>2007</u>
Credit agreement	\$ 63,630,667	\$ 60,913,706
Senior notes	100,000,000	100,000,000
Industrial revenue bonds	6,340,000	6,890,000
Other	<u>1,595,878</u>	<u>3,076,077</u>
	171,566,545	170,879,783
Less current portion	<u>2,020,878</u>	<u>3,626,077</u>
	<u>\$169,545,667</u>	<u>\$167,253,706</u>

On October 26, 2006, the Company entered into an amendment and restatement of its loan agreement (the Credit Agreement) with a group of banks. Under terms of the Credit Agreement, the Company may borrow up to \$250 million, including up to \$80 million in certain foreign currencies, swing loans not to exceed \$20 million and letter of credit obligations up to \$25 million. As of December 31, 2008, the Company had approximately \$186 million available under the Credit Agreement. Interest is based on the bank's Prime rate or Euro dollar rate plus an applicable margin that varies depending on the Company's ratio of total debt to earnings before interest, taxes, depreciation and amortization (EBITDA). The average interest rate on borrowing under the Credit Agreement was 4.16 percent at December 31, 2008 and 5.51 percent at December 31, 2007. In addition, the Company pays a quarterly facility fee. The Credit Agreement expires on October 26, 2011.

In December 2003, the Company issued \$100 million in Senior Unsecured Notes (the Notes) consisting of \$65 million of notes with an interest rate of 6.08 percent and a 7 year maturity and \$35 million with an interest rate of 6.81 percent and a 10 year maturity. Proceeds from the issuance of the Notes were used to pay down the term loan and revolving credit facility borrowing outstanding at that time.

In addition, at December 31, 2008, the Company had approximately \$7.9 million of other long-term debt consisting of industrial revenue bonds, certain indebtedness of acquired companies, and other credit facilities for the Company's international operations. The weighted average interest rate on these amounts outstanding was 3.23 percent at December 31, 2008 and 4.75 percent at December 31, 2007.

As of December 31, 2008, the Company also has \$8.1 million of letters of credit issued related to insurance and other financing contracts in the ordinary course of business.

The Company has also guaranteed a portion of the debt related to an equity investee acquired in conjunction with its purchase of ITML in 2007. As of December 31, 2008, the amount guaranteed was approximately \$3.5 million.

As of December 31, 2008, the Company was in compliance with all its debt covenants associated with its Credit Agreement and Senior Notes. The significant financial covenants include an interest coverage ratio and a

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

leverage ratio, defined as earnings before interest, taxes, depreciation, and amortization, as adjusted, compared to total debt. The ratios as of December 31, 2008 are shown in the following table:

	<u>Required Level</u>	<u>Actual Level</u>
Interest Coverage Ratio	2.5 to 1 (minimum)	3.7
Leverage Ratio	3.5 to 1 (maximum)	2.2

Maturities of long-term debt under the loan agreements in place at December 31, 2008 for the five years ending December 31, 2013 were approximately: \$2,021,000 in 2009; \$69,380,000 in 2010; \$63,936,000 in 2011; \$305,000 in 2012; \$35,305,000 in 2013 and \$620,000 thereafter.

Retirement Plans

The Company and certain of its subsidiaries have pension and profit sharing plans covering substantially all of their employees. Two plans are defined benefit plans with benefits primarily based upon a fixed amount for each completed year of service as defined.

For the Company's defined benefit plans, both of which are underfunded at December 31, 2008, the net periodic pension cost was as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<u>Underfunded</u>	<u>Overfunded</u>	<u>Underfunded</u>
Service cost	\$ 87,660	\$ 33,016	\$ 89,229
Interest cost	324,955	152,157	171,715
Expected return on assets	(428,694)	(216,320)	(211,002)
Amortization of prior service cost	0	0	4,012
Amortization of net loss	9,716	0	7,914
Settlement/Curtailment	0	0	67,662
Net periodic pension cost	<u>\$ (6,363)</u>	<u>\$ (31,147)</u>	<u>\$ 129,530</u>

The reconciliation of changes in projected benefit obligations are as follows:

	<u>2008</u>	<u>2007</u>
	<u>Underfunded</u>	<u>Overfunded</u>
Benefit obligation at beginning of year	\$5,773,992	\$2,747,559
Service cost	87,660	33,016
Interest cost	324,955	152,157
Curtailments	0	0
Actuarial loss	42,205	1,725
Expenses paid	(60,146)	(38,024)
Benefits paid	<u>(386,489)</u>	<u>(273,072)</u>
Benefit obligation at end of year	<u>\$5,782,177</u>	<u>\$2,623,361</u>

The assumptions used to determine the net periodic benefit cost and benefit obligations for both plans are as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Discount rate for net periodic pension cost	5.75%	5.75%	5.50%
Discount rate for benefit obligations	5.75%	5.75%	5.75%
Expected long-term return of plan assets	8.00%	8.00%	8.00%

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

Future benefit increases were not considered, as there is no substantive commitment to increase benefits. The expected long-term rate of return assumption is based on the actual historical rate of return on assets to reflect recent market conditions and future expectation consistent with the Company's current asset allocation and investment policy. The assumed discount rates represent long-term high quality corporate bond rates commensurate with the liability durations of its plans.

The following table reflects the change in the fair value of the plans' assets:

	2008		2007	
	<u>Underfunded</u>	<u>Overfunded</u>	<u>Overfunded</u>	<u>Underfunded</u>
Fair value of plan assets at beginning of year	\$ 5,638,691	\$2,837,180	\$2,622,694	
Actual return on plan assets	(1,700,269)	238,709	220,497	
Company contributions	0	0	192,000	
Expenses paid	(60,146)	(38,024)	(49,636)	
Benefits paid	<u>(386,489)</u>	<u>(273,072)</u>	<u>(111,657)</u>	
Fair value of plan assets at end of year	<u>\$ 3,491,787</u>	<u>\$2,764,793</u>	<u>\$2,873,898</u>	

The weighted average asset allocations for both of the Company's defined benefit plans at December 31, 2008 and 2007, are as follows:

	<u>2008</u>	<u>2007</u>
Equities securities	69%	76%
Debt securities	29	21
Cash	<u>2</u>	<u>3</u>
Total	<u>100%</u>	<u>100%</u>

The following table provides a reconciliation of the funded status of the plans at December 31, 2008 and 2007:

	2008		2007	
	<u>Underfunded</u>	<u>Overfunded</u>	<u>Overfunded</u>	<u>Underfunded</u>
Projected benefit obligation	\$ 5,782,177	\$2,623,361	\$3,150,631	
Plan assets at fair value	<u>3,491,787</u>	<u>2,764,793</u>	<u>\$2,873,898</u>	
Funded status	<u>\$(2,290,390)</u>	<u>\$ (141,432)</u>	<u>\$ 276,733</u>	

As required under Statement of Financial Accounting Standard No. 158, Employers' Accounting For Defined Benefit Pension and Other Postretirement Plans, the funded status shown above is included in other long term liabilities in the Company's statements of financial position at December 31, 2008 and 2007. The Company expects to make a contribution of approximately \$117,000 to the plans in 2009.

Benefit payments projected for the plans are as follows:

2009	\$ 375,058
2010	373,904
2011	378,269
2012	389,846
2013	391,708
2014-2018	\$1,922,600

A profit sharing plan is maintained for the Company's U.S. based employees, not covered under defined benefit plans, who have met eligibility service requirements. The amount to be contributed by the Company under

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

the profit sharing plan is determined at the discretion of the Board of Directors. In 2008, the Company made no contribution to the profit sharing plan. Profit sharing plan expense was \$1,523,000 and \$1,668,000 for the years ended December 31, 2007 and 2006, respectively. In addition, the Company has a Supplemental Executive Retirement Plan (SERP) to provide participating senior executives with retirement benefits in addition to amounts payable under the profit sharing plan. Expense related to the SERP was approximately \$560,000, \$162,000, and \$(193,000) for the years ended December 2008, 2007 and 2006, respectively. The SERP liability is based on the discounted present value of expected future benefit payments using a discount rate of 5.75%. The SERP liability was approximately \$4.5 million at December 31, 2008 and \$4.3 million at December 31, 2007 and is included in accrued employee compensation and other long term liabilities on the accompanying statements of consolidated financial position. The SERP is unfunded.

Leases

The Company and certain of its subsidiaries are committed under non-cancelable operating leases involving certain facilities and equipment. Aggregate rental expense for all leased assets was \$12,419,000, \$13,097,000, and \$9,713,000 for the years ended December 31, 2008, 2007 and 2006, respectively

Future minimum rental commitments are as follows:

<u>Year Ended December 31,</u>	<u>Commitment</u>
2009	\$ 9,600,000
2010	8,044,000
2011	6,546,000
2012	3,814,000
2013	3,100,000
Thereafter.....	<u>27,159,000</u>
Total	<u>\$58,263,000</u>

Income Taxes

The effective tax rate was 1.6% in 2008, 35.2% in 2007 and 36.3% in 2006. A reconciliation of the Federal statutory income tax rate to the Company's effective tax rate is as follows:

	<u>Percent of Pre-Tax Income</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State income taxes — net of Federal tax benefit	(0.9)	2.1	2.1
Foreign tax rate differential	0.9	(1.5)	.1
Non-deductible goodwill of \$41.9 million	(31.2)	0	0
Domestic production deduction	0	(1.8)	(.9)
Other	<u>(2.2)</u>	<u>1.4</u>	<u>(0)</u>
Effective tax rate for the year	<u>1.6%</u>	<u>35.2%</u>	<u>36.3%</u>

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

Income from continuing operations before income taxes was attributable to the following sources:

<u>(Dollar in thousands)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
United States	\$ (46,923)	\$ 62,471	\$ 40,756
Foreign	(70)	(5,420)	4,318
Totals.	<u>\$ (46,993)</u>	<u>\$ 57,051</u>	<u>\$ 45,074</u>

Income tax expense (benefit) consisted of the following:

<u>(Dollars in thousands)</u>	<u>2008</u>		<u>2007</u>		<u>2006</u>	
	<u>Current</u>	<u>Deferred</u>	<u>Current</u>	<u>Deferred</u>	<u>Current</u>	<u>Deferred</u>
Federal	\$ 2,458	\$ (3,417)	\$ 23,975	\$ (2,968)	\$ 13,133	\$ 266
Foreign	2,705	(3,147)	(2,552)	(205)	1,588	(49)
State and local	(262)	895	2,063	(210)	1,290	136
	<u>\$ 4,901</u>	<u>\$ (5,669)</u>	<u>\$ 23,486</u>	<u>\$ (3,383)</u>	<u>\$ 16,011</u>	<u>\$ 353</u>

Significant components of the Company's deferred taxes as of December 31, 2008 and 2007 are as follows:

<u>(Dollars in thousands)</u>	<u>2008</u>	<u>2007</u>
Deferred income tax liabilities		
Property, plant and equipment	\$ 27,519	\$ 32,154
Tax-deductible goodwill	11,973	16,719
Other intangibles	624	1,433
State deferred taxes.	2,454	1,886
Other	708	868
	<u>43,278</u>	<u>53,060</u>
Deferred income tax assets		
Compensation	3,170	3,005
Inventory valuation	1,253	1,358
Allowance for uncollectible accounts	1,231	974
Non-deductible accruals	3,008	5,281
Capital loss carryforwards	27,061	26,635
Net operating loss carryforwards	2,063	2,058
	<u>37,786</u>	<u>39,311</u>
Valuation Allowance.	<u>(28,086)</u>	<u>(27,493)</u>
	<u>9,700</u>	<u>11,818</u>
Net deferred income tax liability	<u>\$ 33,578</u>	<u>\$ 41,242</u>

SFAS No. 109, "Accounting for Income Taxes", requires that deferred tax assets be reduced by a valuation allowance, if based on all available evidence, it is more likely than not that the deferred tax asset will not be realized. Available evidence includes the reversal of existing taxable temporary differences, future taxable income exclusive of temporary differences, taxable income in carryback years and tax planning strategies. The increase in the valuation allowance of \$593,000 resulted from additional foreign and state net operating losses from jurisdictions with uncertainty of future profitability. The Company has deferred tax assets of \$2.1 million resulting from state and foreign net operating tax loss carryforwards of approximately \$11.9 million, with carryforward periods that expire starting in 2019.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

No provision has been recorded for unremitted earnings of foreign subsidiaries as it is the Company's intention to indefinitely reinvest the earnings of these subsidiaries. Accordingly, at December 31, 2008, the Company had not recorded a deferred tax liability for temporary differences related to investments in its foreign subsidiaries that are essentially permanent in duration. The amount of such temporary differences was estimated to be approximately \$20.3 million. The amount may become taxable upon a repatriation of assets or a sales or liquidation of the subsidiaries. It is not practical to estimate the related amount of unrecognized tax liability.

In 2007, as a result of applying the provision of FIN 48, we recognized an increase of \$302,000 in the liability for unrecognized tax benefits and a reduction in retained earnings.

The following table summarized the activity related to the Company's unrecognized tax benefits:

	<u>Total</u>
	<u>(In thousands)</u>
Balance at January 1, 2007	\$1,755
Increases related to current year tax positions	146
Expiration of the statute of limitations for the assessment of taxes	<u>(21)</u>
Balance at December 31, 2007	\$1,880
Increases related to current year tax positions	5,300
Expiration of the statute of limitations for the assessment of taxes	<u>(527)</u>
Balance at December 31, 2008	<u>\$6,653</u>

As of December 31, 2008 the total amount of gross unrecognized tax benefits was \$6.7 million of which \$6.3 million would reduce the Company's effective tax rate. The increase in unrecognized tax benefits during 2008 includes \$4.2 million from the tax position taken on the Company's 2007 U.S. Corporate Income Tax Return relating to the loss on the previous sale of its European Material Handling business. If recognized, this loss would impact the effective rate by the same amount. The amount of accrued interest expense included as a liability within the Company's consolidated balance sheet as of December 31, 2008 and 2007 was \$0.4 and \$0.3 million, respectively.

As of December 31, 2008, the Company and its significant subsidiaries are subject to examinations for the years after 2003 in Brazil and Canada as well as after 2004 for the United States, France, and certain states within the United States. The Company is also subject to examinations after 2005 in the remaining states within the United States.

The Company does not expect any significant changes to its unrecognized tax benefits in the next 12 months.

Industry Segments

The Company's business units have separate management teams and offer different products and services. Using the criteria of SFAS No. 131, these business units have been aggregated into four reportable segments. These include three manufacturing segments encompassing a diverse mix of plastic and rubber products: 1) Material Handling 2) Automotive and Custom, and 3) Lawn and Garden. The fourth segment is Distribution of tire, wheel, and undervehicle service products. The aggregation of business units is based on management by the chief operating decision-maker for the segment as well as similarities of products, production processes, distribution methods and economic characteristics (e.g. average gross margin and the impact of economic conditions on long-term financial performance). Intersegment sales are generally recorded in segment operating results, at prices that management believes approximate arms length transactions and are not material to operating results.

In each of its manufacturing segments, the Company designs, produces, and markets a wide range of polymer products for diverse markets, customers, and applications. These products are made through a variety of molding processes in facilities located throughout North America and South America.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

The Material Handling Segment includes a broad selection of plastic reusable containers, pallets, small parts bins, bulk shipping containers, and storage and organization products. The product selection, manufacturing processes, and markets served by each segment are similar. This segment includes operations conducted in the United States, Canada, and Brazil. The reusable container products provide customers with cost-saving material handling solutions for applications such as shipping heavy automotive parts to assembly lines, transporting perishable food products to retailers, organizing small parts, and creating custom storage systems. Markets served encompass various niches of industrial manufacturing, food processing, retail/wholesale products distribution, agriculture, automotive, healthcare, appliance, bakery, electronics, textiles, consumer, and others. Products are sold both direct to end-users and through distributors.

In the Automotive and Custom Segment, the Company engineers and manufactures plastic and rubber original equipment and replacement parts, rubber tire repair and retread products, and a diverse array of custom plastic and rubber products. Representative products include: plastic HVAC ducts, water / waste storage tanks, and interior / exterior vehicle trim components; rubber air intake hoses, vibration isolators, emissions tubing assemblies, and trailer bushings; and custom products such as plastic tool boxes and calendered rubber sheet stock. This segment serves a diverse group of niche markets: automotive, recreational vehicle, recreational marine, heavy truck, construction and agriculture equipment, healthcare, and transportation, to name a few.

Myers Industries' Lawn and Garden Segment serves the North American horticultural market with plastic products such as seedling trays, nursery pots, hanging baskets, and custom printed containers, as well as decorative resin planters. Markets / customers include professional growers, greenhouses, nurseries, retail garden centers, mass merchandisers, and consumers.

The Company's Distribution Segment is engaged in the distribution of equipment, tools, and supplies used for tire servicing and automotive undervehicle repair. The product line includes categories such as tire valves and accessories, tire changing and balancing equipment, lifts and alignment equipment, service equipment and tools, and tire repair / retread supplies. The Distribution Segment operates domestically through 35 branches located in major cities throughout the United States and in foreign countries through export sales. Markets served include retail and truck tire dealers, commercial auto and truck fleets, auto dealers, general service and repair centers, tire retreaders, and government agencies.

Total sales from foreign business units and export to countries outside the U.S. were approximately \$146.9 million, \$129.9 million, and \$92.4 million for the years ended December 31 2008, 2007 and 2006, respectively. There are no individual foreign countries for which sales are material. Long-lived assets in foreign countries, consisting primarily of property, plant and equipment, intangible assets and goodwill, were approximately \$43.1 million at December 31, 2008 and \$60.5 million at December 31, 2007.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES.

Notes to Consolidated Financial Statements — (Continued)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<u>(Dollars in thousands)</u>		
Net Sales			
Distribution	\$187,132	\$203,230	\$197,329
Material Handling	261,189	267,221	240,050
Automotive and Custom	173,988	170,903	204,659
Lawn and Garden	272,803	300,872	160,155
Intra-segment elimination	<u>(27,282)</u>	<u>(23,433)</u>	<u>(22,209)</u>
	<u>\$867,830</u>	<u>\$918,793</u>	<u>\$779,984</u>
Income (Loss) Before Income Taxes			
Distribution	\$ 17,490	\$ 20,537	\$ 22,241
Material Handling	26,638	40,360	34,872
Automotive and Custom	(54,978)	8,968	14,041
Lawn and Garden	(1,794)	897	8,089
Corporate	(22,840)	1,788	(18,320)
Interest expense-net	<u>(11,508)</u>	<u>(15,500)</u>	<u>(15,849)</u>
	<u>\$ (46,992)</u>	<u>\$ 57,051</u>	<u>\$ 45,074</u>
Identifiable Assets			
Distribution	\$ 44,654	\$ 46,944	\$ 54,636
Material Handling	187,923	191,562	149,114
Automotive and Custom	83,320	137,933	142,185
Lawn and Garden	241,725	302,736	163,434
Corporate	<u>11,278</u>	<u>18,377</u>	<u>15,831</u>
	<u>\$568,900</u>	<u>\$697,552</u>	<u>\$525,200</u>
Capital Additions, Net			
Distribution	\$ 332	\$ 190	\$ 416
Material Handling	32,849	7,875	4,910
Automotive and Custom	2,283	4,892	1,773
Lawn and Garden	5,375	6,496	5,116
Corporate	<u>137</u>	<u>357</u>	<u>166</u>
	<u>\$ 40,976</u>	<u>\$ 19,810</u>	<u>\$ 12,381</u>
Depreciation			
Distribution	\$ 336	\$ 372	\$ 351
Material Handling	13,557	10,991	10,378
Automotive and Custom	6,967	6,117	6,120
Lawn and Garden	15,401	16,242	9,215
Corporate	<u>345</u>	<u>397</u>	<u>441</u>
	<u>\$ 36,606</u>	<u>\$ 34,119</u>	<u>\$ 26,505</u>

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

ITEM 9.A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-a5(e) of the Securities Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carries out a variety of on-going procedures, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to evaluate the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

Management's report on internal controls over financial reporting, and the report of the independent registered public accounting firm on internal control, are titled "Management's Annual Assessment of and Report on Internal Control over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" and are included herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Assessment of and Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in "*Internal Control - Integrated Framework*" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that the internal control over financial reporting was effective as of December 31, 2008.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2008 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report included herein.

John C. Orr
President and
Chief Executive Officer

Donald A. Merrill
Vice President,
Chief Financial Officer and
Corporate Secretary

Report of Independent Registered Public Accounting Firm

The Board of Directors
Myers Industries, Inc.:

We have audited Myers Industries, Inc. and subsidiaries (Company) internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Assessment of and Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Myers Industries, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statements of consolidated financial position of Myers Industries, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related statements of consolidated (loss) income, shareholders' equity and comprehensive (loss) income, and cash flows for each of the years in the three-year period ended December 31, 2008, and our report dated March 16, 2009 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Cleveland, Ohio
March 16, 2009

ITEM 9B. Other Information.

None

PART III**ITEM 10. Directors and Executive Officers of the Company**

For information about the directors of the Company, see the sections titled “Nominees”, “Director Independence”, “Committees of the Board”, “Committee Charters and Policies”, “Shareholder Nominations of Director Candidates” and “Corporate Governance Policies” of the Company’s Proxy Statement filed with the Securities and Exchange Commission for the Company’s annual meeting of shareholders to be held on April 30, 2009 (“Proxy Statement”), which is incorporated herein by reference.

Each member of the Company’s Audit Committee is financially literate and independent as defined under the Company’s Independence Criteria Policy and the independence standards set by the New York Stock Exchange. The Board has identified Robert A. Stefanko as “Audit Committee Financial Expert”.

Information about the Executive Officers of the Company appears in Part I of this Report.

Disclosures by the Company with respect to compliance with Section 16(a) appears under the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement, and is incorporated herein by reference.

For information about our Code of Ethics see the section titled “Corporate Governance Policies” of our Proxy Statement, which is incorporated herein by reference.

ITEM 11. Executive Compensation

See the sections titled “Executive Compensation and Related Information”, “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report on Executive Compensation” of the Proxy Statement, which are incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management

See the sections titled “Security Ownership of Certain Beneficial Owners and Management” and “Employment Agreements Including Change in Control” of the Proxy Statement, which are incorporated herein by reference.

Plan Category	(A) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants or Rights	(B) Weighted-average Exercise Price of Outstanding Options, Warrants or Rights	(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(A))
Equity Compensation Plans Approved by Security Holders ⁽¹⁾	1,317,626	\$11.39	130,990 ⁽²⁾
Equity Compensation Plans Not Approved by Security Holders ⁽³⁾	–0–	–0–	–0–
Total	1,317,626		130,990 ⁽²⁾

(1) This information is as of December 31, 2008 and includes the 1999 Incentive Stock Plan and the Employee Stock Purchase Plan.

- (2) The 1999 Incentive Stock Plan expired by its terms on January 1, 2009, and these securities were no longer available for future issuance from that date.
- (3) Does not include the 584,689 shares that were conditionally granted under the 2008 Incentive Stock Plan.

ITEM 13. Certain Relationships and Related Transactions

See the sections titled “Policies and Procedures with Respect to Related Party Transactions” and “Directors Independence” of the Proxy Statement, which are incorporated herein by reference.

ITEM 14. Principal Account Fees and Services

Required information regarding fees paid to and services provided by the Company’s independent auditor during the years ended December 31, 2008 and 2007 and the pre-approved policies and procedures of the Audit Committee of the Company’s Board of Directors is set forth under the section titled “Matters Relating to the Independent Registered Public Accounting Firm” of the Proxy Statement, which is incorporated herein by reference.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

The following consolidated financial statements of the Registrant appear in Part II of this Report:

15. (A)(1) Financial Statements

Consolidated Financial Statements of Myers Industries, Inc. and Subsidiaries

Report of Independent Registered Public Accounting Firm

Statements of Consolidated (Loss) Income For The Years Ended December 31, 2008, 2007 and 2006

Statements of Consolidated Financial Position As of December 31, 2008 and 2007

Statements of Consolidated Shareholders’ Equity and Comprehensive (Loss) Income For The Years Ended December 31, 2008, 2007 and 2006

Statements of Consolidated Cash Flows For The Years Ended December 31, 2008, 2007 and 2006

Notes to Consolidated Financial Statements

15. (A)(2) Financial Statement Schedules

All other schedules are omitted because they are inapplicable, not required, or because the information is included in the consolidated financial statements or notes thereto which appear in Part II of this Report.

15. (B) Exhibits

EXHIBIT INDEX

- 2(a) Stock Purchase Agreement among Myers Industries, Inc., ITML Holdings Inc. and 2119188 Ontario Inc., dated December 27, 2006. Reference is made to Exhibit 2.1 to Form 8-K filed with the Commission on January 16, 2007.**
- 2(b) Stock Purchase Agreement among Myers Industries, Inc., ITML Holdings Inc. and 2117458 Ontario Inc., dated December 27, 2006. Reference is made to Exhibit 2.2 to Form 8-K filed with the Commission on January 16, 2007.**
- 2(c) Sale and Purchase Agreement between Myers Industries, Inc. and LINPAC Material Handling Limited, dated October 20, 2006. Reference is made to Exhibit 1 to Form 8-K filed with the Commission on February 6, 2007.**

EXHIBIT INDEX

- 2(d) Agreement and Plan of Merger among Myers Industries, Inc., MYEH Corporation and MYEH Acquisition Corporation, dated April 24, 2007. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on April 26, 2007.**
- 2(e) Letter Agreement among Myers Industries, Inc., Myers Holdings Corporation (f/k/a MYEH Corporation) and Myers Acquisition Corporation (f/k/a MYEH Acquisition Corporation), dated December 10, 2007. Reference is made to Exhibit 99.1 to Form 8-K filed with the Commission on December 10, 2007.
- 2(f) Letter Agreement among Myers Industries, Inc., Myers Holdings Corporation (f/k/a MYEH Corporation) and Myers Acquisition Corporation (f/k/a MYEH Acquisition Corporation), dated April 3, 2008. Reference is made to Exhibit 99.1 to Form 8-K filed with the Commission on April 4, 2008.
- 3(a) Myers Industries, Inc. Amended and Restated Articles of Incorporation. Reference is made to Exhibit 3(a) to Form 10-K filed with the Commission on March 16, 2005.
- 3(b) Myers Industries, Inc. Amended and Restated Code of Regulations. Reference is made to Exhibit (3)(b) to Form 10-K filed with the Commission on March 26, 2003.
- 10(a) Myers Industries, Inc. Amended and Restated Employee Stock Purchase Plan. Reference is made to Exhibit 10(a) to Form 10-K filed with the Commission on March 30, 2001.
- 10(b) Form of Indemnification Agreement for Directors and Officers. Reference is made to Exhibit 10(b) to Form 10-K filed with the Commission on March 30, 2001.*
- 10(c) Myers Industries, Inc. Amended and Restated Dividend Reinvestment and Stock Purchase Plan. Reference is made to Exhibit 10(d) to Form 10-K filed with the Commission on March 19, 2004.
- 10(d) Myers Industries, Inc. Amended and Restated 1999 Incentive Stock Plan. Reference is made to Exhibit 10(f) to Form 10-Q filed with the Commission on August 9, 2006.*
- 10(e) Myers Industries, Inc. Executive Supplemental Retirement Plan. Reference is made to Exhibit (10)(g) to Form 10-K filed with the Commission on March 26, 2003.*
- 10(f) Amended and Restated Employment Agreement between Myers Industries, Inc. and John C. Orr effective June 1, 2008. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on June 24, 2008.*
- 10(g) Non-Disclosure and Non-Competition Agreement between Myers Industries, Inc. and John C. Orr dated July 18, 2000. Reference is made to Exhibit 10(j) to Form 10-Q filed with the Commission on May 6, 2003.*
- 10(h) Amendment to the Myers Industries, Inc. Executive Supplemental Retirement Plan (John C. Orr) effective June 1, 2008. Reference is made to Exhibit 10.2 to Form 8-K filed with the Commission on June 24, 2008.*
- 10(i) Employment Agreement between Myers Industries, Inc. and Donald A. Merrill dated January 24, 2006. Reference is made to Exhibit 10(k) to Form 10-K filed with the Commission on March 16, 2006.*
- 10(j) Amendment to the Myers Industries, Inc. Executive Supplemental Retirement Plan (Donald A. Merrill) dated January 24, 2006. Reference is made to Exhibit 10(l) to Form 10-K filed with the Commission on March 16, 2006.*
- 10(k) Non-Disclosure and Non-Competition Agreement between Myers Industries, Inc. and Donald A. Merrill dated January 24, 2006. Reference is made to Exhibit 10(m) to Form 10-K filed with the Commission on March 16, 2006.*
- 10(l) Retirement and Separation Agreement between Myers Industries, Inc. and Stephen E. Myers effective May 1, 2005. Reference is made to Exhibit 10(k) to Form 10-Q filed with the Commission on August 10, 2005.*
- 10(m) Form of Stock Option Grant Agreement. Reference is made to Exhibit 10(r) to Form 10-K filed with the Commission on March 16, 2005.*
- 10(n) Second Amended and Restated Loan Agreement between Myers Industries, Inc. and JP Morgan Chase Bank, Agent dated as of October 26, 2006. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on October 31, 2006.
- 10(o) Note Purchase Agreement between Myers Industries, Inc. and the Note Purchasers, dated December 12, 2003, regarding the issuance of (i) \$65,000,000 of 6.08% Series 2003-A Senior Notes due December 12, 2010, and (ii) \$35,000,000 of 6.81% Series 2003-A Senior Notes due December 12, 2013. Reference is made to Exhibit 10(o) to Form 10-K filed with the Commission on March 15, 2004.

EXHIBIT INDEX

- 10(p) Myers Industries, Inc. Non-Employee Board of Directors Compensation Arrangement. Reference is made to Exhibit 10(w) to Form 10-K filed with the Commission on March 16, 2006.*
- 14(a) Myers Industries, Inc. Code of Business Conduct and Ethics. Reference is made to Exhibit 14(a) to Form 10-K filed with the Commission on March 16, 2005.
- 14(b) Myers Industries, Inc. Code of Ethical Conduct for the Finance Officers and Finance Department Personnel. Reference is made to Exhibit 14(b) to Form 10-K filed with the Commission on March 16, 2005.
- 21 List of Direct and Indirect Subsidiaries, and Operating Divisions, of Myers Industries, Inc.
- 23 Consent of Independent Registered Public Accounting Firm (KPMG LLP)
- 31(a) Certification of John C. Orr, President and Chief Executive Officer of Myers Industries, Inc, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31(b) Certification of Donald A. Merrill, Vice President (Chief Financial Officer) of Myers Industries, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certifications of John C. Orr Myers, President and Chief Executive Officer, and Donald A. Merrill, Vice President (Chief Financial Officer), of Myers Industries, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates executive compensation plan or arrangement.

** Pursuant to Item 601(b)(2) of Regulation S-K, certain exhibits and schedules have been omitted from this filing. The registrant agrees to furnish the Commission on a supplemental basis a copy of any omitted exhibit or schedule.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MYERS INDUSTRIES, INC.

/s/ DONALD A. MERRIL

Donald A. Merrill
*Vice President,
 Chief Financial Officer and
 Corporate Secretary*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Donald A. Merrill</u> Donald A. Merrill	Vice President, Chief Financial Officer and Corporate Secretary (Principal Financial and Accounting Officer)	March 16, 2009
<u>/s/ Keith A. Brown</u> Keith A. Brown	Director	March 16, 2009
<u>/s/ Vincent Byrd</u> Vincent Byrd	Director	March 16, 2009
<u>/s/ Robert A. Stefanko</u> Robert A. Stefanko	Director	March 16, 2009
<u>/s/ Richard P. Johnston</u> Richard P. Johnston	Director	March 16, 2009
<u>/s/ Edward W. Kissel</u> Edward W. Kissel	Director	March 16, 2009
<u>/s/ Stephen E. Myers</u> Stephen E. Myers	Director	March 16, 2009
<u>/s/ John C. Orr</u> John C. Orr	President, Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2009
<u>/s/ Richard L. Osborne</u> Richard L. Osborne	Director	March 16, 2009
<u>/s/ Jon H. Outcalt</u> Jon H. Outcalt	Director	March 16, 2009

**Direct and Indirect Subsidiaries, and Operating Divisions,
of Myers Industries, Inc.**
As of December 31, 2008

North and Central American Operations

Ameri-Kart Corp.	Kansas
– WEK South Corp	North Carolina
Ameri-Kart (MI) Corp.	Michigan
Buckhorn Inc.	Ohio
– Buckhorn Rubber Products Inc.	Missouri
Grower Express Trucking, Inc.	Ohio
JMCO Corp.	Missouri
– AC Buckhorn LLC (50%)	Missouri
Lone Star Plastics, Inc.	Nevada
– Amerikan LLC (50%)	Florida
– Kord USA, Inc.	South Carolina
– Texan Polymer Group, Inc.	Texas
– WhiteRidge Plastics, LLC	North Carolina
MYE Automotive, Inc.	Delaware
– Michigan Rubber Products, Inc.	Michigan
– WEK Industries, Inc.	Delaware
MYE Canada Operations Inc.	Canada
MYEcap Financial Corp.	Ohio
MYELux, LLC	Ohio
Myers do Brasil Embalagens Plasticas Ltda.	Brazil
Myers Tire Supply International, Inc.	Ohio
– Myers de El Salvador S.A. De C.V. (75%)	El Salvador
– Orientadores Comerciales S.A.	Guatemala
– Myers de Panama S.A.	Panama
– Myers TSCA, S.A.	Panama
Myers de El Salvador S.A. De C.V. (25%)	El Salvador
Myers Missouri, Inc.	Missouri
– AC Buckhorn LLC (50%)	Missouri
Myers Tire Supply Distribution, Inc.	Ohio
Myers Tire Supply.com, Inc.	Ohio
Patch Rubber Company	North Carolina
– Kwik Patch Private Ltd. (39.98%)	India
Productivity California, Inc.	California

**Direct and Indirect Subsidiaries, and Operating Divisions,
of Myers Industries, Inc.**
As of December 31, 2008

Reported Operating Divisions of Myers Industries, Inc. and Subsidiaries

Akro-Mils (of Myers Industries, Inc.)	Akron, Ohio
Dillen Products (of Myers Industries, Inc.)	Middlefield, Ohio
Molded Solutions (of Buckhorn Rubber Products Inc.)	Mebane, NC
Myers Tire Supply (of Myers Industries, Inc.)	Akron, Ohio
Buckhorn Canada (of MYE Canada Operations Inc.)	Ontario, Canada
Myers Tire Supply of Canada (of MYE Canada Operations Inc.)	Ontario, Canada
Listo Products (of MYE Canada Operations Inc.)	Yukon Territory
ITML Horticultural Products (of MYE Canada Operations Inc.)	Ontario, Canada

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Myers Industries, Inc.:

We consent to the incorporation by reference in the registration statements Nos. 333-71852, 333-90367 and 33-47600 on Form S-8; Nos. 333-124586 and 33-50286 on Form S-3, of Myers Industries, Inc. and subsidiaries (Company), of our reports dated March 16, 2009, with respect to the statements of consolidated financial position of the Company as of December 31, 2008 and 2007, and the related statements of consolidated (loss) income, shareholders' equity and comprehensive (loss) income, and cash flows for each of the years in the three-year period ended December 31, 2008, and the effectiveness of internal control over financial reporting as of December 31, 2008, which reports appear in the December 31, 2008 annual report on Form 10-K of the Company.

Our report on the consolidated financial statements refers to the adoption of the provisions of Statement of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Standard No. 109*, effective January 1, 2007, and Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)*, effective December 31, 2006.

/s/ KPMG LLP

Cleveland, Ohio
March 16, 2009

Exhibit 31 (a)
Certification Per Section 302 of the Sarbanes-Oxley Act of 2002

I, John C. Orr, certify that:

1. I have reviewed the annual report on Form 10-K of Myers Industries, Inc. for the period ended December 31, 2008 which this certification accompanies;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2009

/s/ John C. Orr

John C. Orr, President and
Chief Executive Officer

Exhibit 31 (b)
Certification Per Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald A. Merrill, certify that:

1. I have reviewed the annual report on Form 10-K of Myers Industries, Inc. for the period ended December 31, 2008 which this certification accompanies;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2009

/s/ Donald A. Merrill

Donald A. Merrill, Vice President, Chief Financial
Officer and Corporate Secretary

Exhibit 32
CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Myers Industries, Inc. (the Company) on Form 10-K for the period ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, John C. Orr, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and to my knowledge:

- (1) The Annual Report on Form 10-K of the Company for the period ended December 31, 2008 which this certification accompanies fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John C. Orr
John C. Orr, President and
Chief Executive Officer

Dated: March 16, 2009

Exhibit 32
CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Myers Industries, Inc. (the Company) on Form 10-K for the period ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Donald A. Merrill, Vice President, Chief Financial Officer and Corporate Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and to my knowledge:

- (1) The Annual Report on Form 10-K of the Company for the period ended December 31, 2008 which this certification accompanies fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald A. Merrill
Donald A. Merrill, Vice President, Chief Financial
Officer and Corporate Secretary

Dated: March 16, 2009

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Capabilities & Facilities Overview – 2009

Manufacturing Segments

Through our Material Handling, Lawn and Garden, and Auto and Custom segments, we design, manufacture and market more than 12,000 polymer products. No other manufacturer can match our combined design, engineering and production capabilities, which provide significant value for our customers.

Manufacturing Capabilities:

- Product Design & Testing
- Material Formulation
- Plastic & Rubber Injection Molding
- Plastic Structural Foam Molding
- Plastic Rotational Molding
- Plastic Thermoforming
- Co-Extrusion Plastic Thermoforming
- Plastic Blow Molding
- Co-Extrusion Rubber & Plastic Blow Molding
- Compression & Transfer Molding
- Rubber Compounding, Calendering & Extrusion
- Rubber Mixing
- Rubber-to-Metal Bonding
- Rubber-to-Plastic Bonding
- Metal Forming
- Metal Powder Coating
- Wood Fabrication
- Material Re grind & Recycling



22 Manufacturing Locations*

- ▲ Material Handling = 5 + 1 Brazil
- ▲ Lawn & Garden = 8
- ▲ Automotive & Custom = 8

** Does not include the previously announced three Lawn & Garden facilities closing in 2009*



41 Distribution Branches

- United States = 35
- Central America = 3
- Canada = 3

Distribution Segment

We buy and sell nearly 10,000 products – tools, equipment and supplies – used by professionals in tire, wheel and undervehicle service. Through our unrivaled product selection and branch network, we provide customers with rapid response to get the products they need, when they need them.

Capabilities & Services:

- Unrivaled Product Selection
- Broad Sales Coverage
- Local Sales & Inventory
- International Distribution
- Direct Sales Force
- Personal, On-Site Service
- National Accounts Coverage
- Customer Product Training
- Repair / Service Training
- New Products "Speed to Market"



Commitment to

growth

by Advancing Our Strengths

Business Growth

Customer Satisfaction

Cost Control

Organizational Development

Positioning the Business
for the Future

Our Business Strategy

In 2005, we introduced our “Strategic Business Evolution,” a plan for improving our long-term growth and performance, which is structured around five key operating principles that emphasize:

- New product innovation – deliver continuous solutions that excite customers and the marketplace!
- Leverage brand strength to grow business with existing customers and cultivate new ones.
- Concentrate our efforts in niche markets where our value-added approach creates sustainable profit opportunities for our customers and ourselves.
- Position our brands as Contributors to Our Customers’ Success!
- Be a customer-centered solutions provider across our markets.
- Provide consistent, high quality products and services.
- Minimize operating expenses and maximize cash flow.
- Balance our product pricing with volatile raw material cost cycles and to reflect the value-driven solutions we deliver.
- Withdraw from low-margin, non-strategic markets.
- Continue to develop succession planning throughout all levels of the Company.
- Make sure the right people are in the right positions to support our long-term growth objectives.
- Be the innovator of niche, value-added products in our targeted markets.
- Invest in new technologies and processes to bolster productivity, customer service and support long-term growth in our key business groups.
- Strengthen the business through an opportunistic and disciplined approach to acquisitions, divestitures and restructuring.

We expect to improve our performance and shareholder value by pursuing these key operating principles.



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