

MYERS INDUSTRIES INC

Form DEF 14A

March 20, 2008

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**MYERS INDUSTRIES, INC.**  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:

- o Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount previously paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

**Table of Contents**

1293 South Main Street Akron, Ohio 44301

March 24, 2008

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders to be held on Thursday, April 24, 2008, at 9:00 A.M. at the Louis S. Myers Training Center, 1554 South Main Street, Akron, Ohio 44301.

At the Annual Meeting you will be asked to elect nine directors and ratify the appointment of KPMG LLP as our independent registered public accounting firm. Enclosed with this letter is a Notice of Annual Meeting together with a Proxy Statement which contains information with respect to the nominees for director and the other proposals.

The proposals discussed in the Proxy Statement are very important to the shareholders and the Company, and we hope that you will be able to personally attend the Annual Meeting. ***Whether or not you expect to attend the Annual Meeting in person, I urge you to complete and return the enclosed proxy card as soon as possible.***

Sincerely,

John C. Orr  
*President and Chief Executive Officer*

---

**Table of Contents**

	<b>Page</b>
<u>NOTICE OF ANNUAL MEETING OF SHAREHOLDERS</u>	1
<u>Matters Related to the Proxy Statement</u>	2
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	3
<u>Nominees</u>	3
<u>Director Independence</u>	4
<u>Committees of the Board</u>	5
<u>Committee Charters and Policies</u>	5
<u>Board Attendance</u>	5
<u>Interested Parties Communications with the Board of Directors</u>	5
<u>Shareholder Nominations of Director Candidates</u>	6
<u>Corporate Governance Policies</u>	6
<u>Director Compensation</u>	7
<u>EXECUTIVE COMPENSATION AND RELATED INFORMATION</u>	9
<u>Compensation Disclosure and Analysis</u>	9
<u>Compensation Committee Interlocks and Insider Participation</u>	13
<u>Compensation Committee Report on Executive Compensation</u>	13
<u>Summary of Cash and Certain Other Compensation</u>	14
<u>Employment Agreements Including Change In Control</u>	14
<u>Separation Agreement</u>	16
<u>Grants of Plan Based Awards</u>	16
<u>Outstanding Equity Awards at Fiscal Year End</u>	17
<u>Option Exercises and Stock Vested for Fiscal 2007</u>	17
<u>Pension Benefits</u>	17
<u>Policies and Procedures with Respect to Related Party Transactions</u>	18
<u>PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	18
<u>Matters Relating to the Independent Registered Public Accounting Firm</u>	18
<u>Audit Committee Report</u>	19
<u>Security Ownership of Certain Beneficial Owners and Management</u>	20
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	21
<u>Shareholder Proposal for Inclusion in Proxy Statement</u>	21
<u>No Incorporation by Reference</u>	22
<u>Cost of Proxy Solicitation</u>	22
<u>Copy of the Form 10-K</u>	22
<u>Notice Regarding Delivery of Security Holder Documents</u>	22

---

**Table of Contents**

1293 South Main Street Akron, Ohio 44301

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

==

**To Be Held Thursday, April 24, 2008**

The Annual Meeting of Shareholders of Myers Industries, Inc., an Ohio corporation ( Myers or the Company ), will be held at the Louis S. Myers Training Center, 1554 South Main Street, Akron, Ohio 44301, on Thursday, April 24, 2008 at 9:00 A.M. (local time), for the following purposes:

1. To elect nine Directors;
2. To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for fiscal 2008; and
3. To consider such other business if properly brought before the meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on March 10, 2008 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. All shareholders are cordially invited to attend the meeting in person. ***To be sure that your shares are properly represented at the meeting, whether you intend to attend the meeting in person, please complete and return the enclosed proxy card as soon as possible.***

By Order of the Board of Directors,

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

Akron, Ohio  
March 24, 2008

**THE 2007 ANNUAL REPORT TO SHAREHOLDERS ACCOMPANIES THIS NOTICE**

**Table of Contents**

**Matters Related to the Proxy Statement**

*Meeting Time and Applicable Dates.* This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Myers Industries, Inc., an Ohio corporation, of the accompanying proxy to be voted at the Annual Meeting of Shareholders ( Annual Meeting ) to be held on Thursday, April 24, 2008, at 9:00 A.M. (local time), and at any adjournment thereof. The close of business on March 10, 2008, has been fixed as the record date for the determination of the shareholders entitled to notice of and to vote at the meeting.

*Outstanding Shares and Quorum.* On the record date, Myers had outstanding approximately 35,189,062 shares of common stock, without par value ( Common Stock ), each of which is entitled to one vote. For information concerning our Principal Shareholders , see the section titled Security Ownership of Certain Beneficial Owners and Management, below. The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock is necessary to constitute a quorum for the Annual Meeting. Shares of Common Stock represented by signed proxies will be counted toward the establishment of a quorum on all matters even though they are signed but otherwise unmarked, or marked Abstain, Against or Withhold Authority.

*Votes Required.* For Proposal No. 1 the election of directors, if a quorum is present at the meeting, the nominees for election as directors who receive the greatest number of votes cast will be elected as directors. Abstentions and broker non-votes will not affect the outcome of the election of directors. Proposal No. 2, to ratify the appointment of the independent registered public accounting firm, is a non-binding proposal, but its approval requires the affirmative vote of a majority of the shares of Common Stock. Abstentions and broker non-votes will have no effect. Even if the selection is ratified, the Audit Committee and the Board, in their discretion, may change the appointment at any time during the year if we determine that such a change would be in the best interests of the Company and our shareholders.

*Proxy Instructions.* All shares of Common Stock represented by properly executed proxies which are returned and not revoked, will be voted in accordance with the instructions, if any, given therein. If no instructions are provided in a proxy, the shares of Common Stock represented by such proxy will be voted FOR the Board s nominees for director and FOR the ratification of the appointment of KPMG LLP, and in accordance with the proxy-holder s best judgment as to any other matters, if any, which may be properly raised at the Annual Meeting.

*Proxy Revocation and Voting in Person.* A shareholder who has given a proxy may revoke it at any time prior to its exercise by giving written notice of such revocation to the Corporate Secretary of the Company, executing and delivering to the Corporate Secretary of the Company a later dated proxy reflecting contrary instructions or appearing at the Annual Meeting and taking appropriate steps to vote in person.

*Voting Confidentiality.* Proxies, ballots and voting tabulations are handled on a confidential basis to protect your voting privacy. This information will not be disclosed except as required by law.

*Inspector of Election.* The inspector of election for the meeting shall determine the number of votes cast by holders of Common Stock for all matters. The Board has appointed National City Bank as the Inspector of Election. Voting results will be announced at the meeting. Voting results will also be published in our Quarterly Report on Form 10-Q for the second fiscal quarter of 2008, which will be filed with the Securities and Exchange Commission (the SEC ).

*Address of Company.* The mailing address of the principal executive offices of the Company is 1293 South Main Street, Akron, Ohio 44301.

*Mailing Date.* This Proxy Statement, together with the related proxy card and our 2007 Annual Report to Shareholders, is being mailed to our shareholders on or about March 24, 2008.

*Trademark.* Myers Industries, Inc. (R) is a registered trademark of the Company.

**Table of Contents****PROPOSAL NO. 1 ELECTION OF DIRECTORS****Nominees**

Set forth below for each nominee for election as a director is a brief statement, including the age, principal occupation and business experience for at least the past five years, and any directorships held with public companies.

The members of the Corporate Governance and Nominating Committee have recommended, and the independent members of the Board of Directors have nominated, the persons listed below as nominees for the Board of Directors, all of whom presently are directors of the Company. If any nominee should become unavailable for any reason, it is intended that votes will be cast for a substitute nominee designated by the Board of Directors. There is no reason to believe that the nominees named will be unable to serve if elected. Proxies cannot be voted for a greater number of nominees than the number named in this Proxy Statement.

**THE BOARD OF DIRECTORS RECOMMENDS THE ELECTION OF THESE NOMINEES**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and Other Information</b>
Keith A. Brown	56	President of Chimera Corporation, Westlake, Ohio, a management holding company; and Director of US Gypsum Corporation (NYSE), Chicago, Illinois, a manufacturer of gypsum paneling products. Served as Director since 1997.
Vincent C. Byrd	53	Senior Vice President, Consumer Market, The J. M. Smucker Company ( J. M. Smucker ) (NYSE), Orrville, Ohio; Director of J. M. Smucker; formerly Vice President and General Manager, Consumer Market, of J. M. Smucker; Director of Spangler Candy Company, Bryan, Ohio, a manufacturer of confectionery products. Served as a director since 2006.
Richard P. Johnston	77	Chairman of the Board of Royal Associates, Inc., Jackson Hole, Wyoming, a holding company which owns Royal Precision Inc. (formerly NASDAQ), a manufacturer of golf club shafts; Director of Results Radio, Inc., Sonoma, California; formerly served as Founder and Director of AGCO, Inc. (NYSE), Duluth, Georgia, a manufacturer and distributor of agricultural equipment. Served as Director since 1992.
Edward W. Kissel	66	President and Managing Partner of Kissel Group Ltd., Akron, Ohio, a holding company with interests in property, consulting and mold manufacturing; Managing Director of Kane & Co., Los Angeles, California, an investment banking firm; Director of Smithers Scientific Services, Inc., Akron, Ohio, a provider of testing services for materials; formerly President, Chief Operating Officer and Director of OM Group, Inc. (NYSE), Cleveland, Ohio, a specialty chemical company; formerly Director of Weda Bay Minerals, Inc. (Toronto Stock Exchange) Toronto, Canada, a mineral exploration company. Served as Director since 2000.
Stephen E. Myers	64	Formerly, Chairman and Chief Executive Officer of the Company; currently Chairman of the Board and Director of the Company; Director of Reko International Group, Inc. (Toronto Stock Exchange), Oldcastle, Ontario, Canada, a manufacturer of tooling and machinery. Served as Director since 1972.
John C. Orr	57	

President and Chief Executive Officer of the Company; formerly President and Chief Operating Officer of the Company; formerly General Manager of Buckhorn, Inc., a subsidiary of the Company; formerly Vice President of Manufacturing -- North American Tire Division, The Goodyear Tire and Rubber Company. Served as Director since 2005.

**Table of Contents**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and Other Information</b>
Richard L. Osborne	70	Professor of Management Practice, formerly Executive Dean, Weatherhead School of Management, Case Western Reserve University, Cleveland, Ohio; Director of New Horizons Worldwide, Inc. (NASDAQ), Santa Ana, California, an operator and franchiser of computer training services; Director of AmTrust Financial Corp. ( <i>f/k/a</i> Ohio Savings Financial Corporation), Cleveland, Ohio, a savings and loan holding company; and formerly Director of NCS Healthcare, Inc., Beachwood, Ohio, a provider of pharmacy services to long-term care institutions. Served as Director since 1978.
Jon H. Outcalt	71	Chairman, Federal Process Corp., Cleveland, Ohio, a manufacturer and distributor of industrial products; formerly Chairman of NCS Healthcare, Inc., Beachwood, Ohio, a provider of pharmacy services to long-term care institutions; Chairman and Chief Executive Officer of Aberdeen Group, Inc., Beachwood, Ohio, an investment holding and management company; Director of AmTrust Financial Corp. ( <i>f/k/a</i> Ohio Savings Financial Corporation), Cleveland, Ohio, a savings and loan holding company. Served as Director since 1984.
Robert A. Stefanko	65	Director of OMNOVA Solutions, Inc. (NYSE) an innovator of emulsion polymers, specialty chemicals and decorative and functional surfaces; a member of the Audit Committee of OMNOVA Solutions; Director of The Davey Tree Expert Company, a full service tree and grounds care company; a member of both the Audit and Compensation Committee of Davey Tree; formerly Chairman of the Board and Executive Vice President of Finance & Administration of A. Schulman, Inc., an international supplier of plastic compounds and resins; and formerly with Price Waterhouse. Served as Director since 2007.

Each of the forgoing nominees were recommended by the Corporate Governance and Nominating Committee. There are, and during the past five years there have been, no legal proceedings material to an evaluation of the ability of any director or executive officer of Myers to act in such capacity or concerning his integrity. There are no family relationships among any of the directors and executive officers.

**The Board recommends that you vote FOR each nominee.**

**Director Independence.**

The Board has determined that each of the following directors and nominees are independent and that each of these nominees has no material relationship with us which would impact upon their independence: Keith A. Brown, Vincent C. Byrd, Richard P. Johnston, Edward W. Kissel, Richard L. Osborne, Jon H. Outcalt and Robert A. Stefanko. The determination of whether a director is independent is based upon the Board's review of the relationships between each director and the Company, if any, under the Company's Board of Directors Independence Criteria policy adopted by the Board on April 20, 2004 and the corporate governance listing standards of the New York Stock Exchange. In connection with the Board's determination regarding the independence of each non-management director, the Board considered any transactions, relationships and arrangements as required by our independence guidelines. In particular, the Board considered the relationship between A. Schulman, Inc. (A. Schulman) and the Company in connection with its independence determination of Robert A. Stefanko and concluded Mr. Stefanko met the independence requirement. Mr. Stefanko is a stockholder of A. Schulman, holding less than 1% of A. Schulman's shares of stock. In fiscal 2007, we purchased \$704,531.09 of materials from A. Schulman during the ordinary course of operations, which is less than 1% of the annual revenues of both companies. All members of the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee were determined to be independent as above, and in

addition, the Board determined that the members of the Audit Committee are also independent as defined in the SEC regulations.

## **Table of Contents**

### **Committees of the Board.**

The Board of Directors of Myers has three standing committees, the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee, whose members were appointed in April 2007 following the Annual Meeting.

*Audit Committee.* The Audit Committee is currently composed of four independent directors, Keith A. Brown, Chairman and Presiding Director, Robert A. Stefanko, Vincent C. Byrd and Jon H. Outcalt. The functions of this Committee, which met nine times in 2007, are to engage the independent registered public accounting firm, approve all audit and related engagements (audit and non-audit), review the results of the audit and interim reviews, evaluate the independence of the independent registered public accounting firm, review with the independent registered public accounting firm the financial results of the Company prior to their public release and filing of reports with the SEC, direct and supervise special investigations and to oversee our accounting, internal accounting controls and auditing matters, reporting hotline (discussed below) and its corporate compliance program. The Committee also has oversight of our system of internal auditing functions and controls, as well as our internal control procedures.

With the exception of Mr. Stefanko, none of the Audit Committee members serves on more than one other audit committee of another public company.

The Board has identified Vincent C. Byrd as the Audit Committee financial expert .

*Compensation Committee.* The Compensation Committee establishes and administers the Company's policies, programs and procedures for compensating its executive officers and Board of Directors. The Committee has the authority to retain outside consultants regarding executive compensation and other matters. The Compensation Committee, which met five times in 2007, has as its members three independent directors, Jon H. Outcalt, Chairman and Presiding Director, Edward W. Kissel, and Richard L. Osborne.

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee ( Governance Committee ) is responsible for, among other things, evaluating new director candidates and incumbent directors, and recommending to the independent directors of the Board of Directors, nominees to serve on the Board of Directors as well as members of the Board's committees. The Committee, which met twice in 2007, has as its member's three independent directors, Edward W. Kissel, Chairman and Presiding Director, Richard P. Johnston, and Richard L. Osborne. The Governance Committee is also responsible for recommending and monitoring participation in continuing education programs by the members of the Board of Directors.

### **Committee Charters and Policies.**

The Board of Directors has adopted written charters for the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. Each Committee reviews and evaluates the adequacy of its charter at least annually and recommends any proposed changes to the Board of Directors for approval. Each of the written charters and policies of the Committees of the Board are available on the Corporate Governance page accessed from the Investor Relations page of the Company's website at [www.myersind.com](http://www.myersind.com). Copies are also available upon request to our Corporate Secretary at our address listed herein.

### **Board Attendance.**

There were a total of thirteen regularly scheduled and special meetings of the Board of Directors in 2007. During 2007, all directors attended at least 75% of the aggregate total number of the meetings of the Board and Committees on which they served. In 2007, all of our directors attended our Annual Shareholder Meeting. Although we do not have a formal policy requiring directors to attend the Annual Shareholder Meeting, directors are encouraged to attend.

**Interested Parties Communications with the Board of Directors.**

Our Board of Directors provides the following methods for interested parties and shareholders to send communications to a director, a Committee, to the non-management directors, or to the Board:

*Written Communication.* Interested parties may send such communications by mail or courier delivery addressed as follows: Board of Directors (or Committee Chair, Board Member or Non-Management Directors, as the case requires), c/o Donald A. Merrill, Chief Financial Officer, Vice President and

## **Table of Contents**

Corporate Secretary, Myers Industries, Inc., 1293 South Main Street, Akron, Ohio 44301. All communications directed to the Board of Directors or to the Non-Management Directors, will be forwarded unopened, to the Chair of the Governance Committee. The Committee Chair in turn determines whether the communications should be forwarded to the appropriate members of the Board and, if so, forwards them accordingly. However, for communications addressed to a particular member of the Board or the Chair of a particular Board Committee, the Chief Financial Officer will forward those communications, unopened, directly to the person or Committee Chair in question.

*Toll Free Hotline.* In 2003, the Audit Committee established a hotline for receiving, retaining and treating complaints from any interested party regarding accounting, internal accounting controls and auditing matters, and procedures for the anonymous submission of these concerns. The hotline is maintained by a company which is independent of the Company. Interested parties may also use this hotline to communicate with the Board. Any interested party may contact a director, a Committee, the non-management directors, or the Board through the toll free hotline at (877) 285-4145. The hotline is available worldwide, 24 hours a day, seven days a week. All reports made through the hotline are directed to the Chair of the Audit Committee and the Corporate Secretary. We do not permit any retaliation of any kind against any person who, in good faith, submits a complaint or concern under these procedures.

### **Shareholder Nominations of Director Candidates.**

The Governance Committee will consider individuals for nomination to stand for election as a director who are recommended to it in writing by any shareholder of the Company. A shareholder wishing to recommend an individual as a nominee must follow the procedure outlined below and then send a signed letter of recommendation to the following address: Corporate Governance and Nominating Committee, c/o Mr. Donald A. Merrill, Chief Financial Officer, Vice President and Corporate Secretary, Myers Industries, Inc., 1293 South Main Street, Akron, Ohio 44301.

Recommendation letters must certify that the person making the recommendation is a shareholder of the Company (including the number of shares held as of the date of the recommendation), and further state the reasons for the recommendation, the full name and address of the proposed nominee as well as a biographical history setting forth past and present directorships, employment, occupations and civic activities for at least the past five years. Any such recommendation should be accompanied by a signed written statement from the proposed nominee consenting to be named as a candidate and, if nominated and elected, consenting to serve as a director. The letter must also include a signed written statement that the nominating shareholder and the candidate will make available to the Committee all information reasonably requested in furtherance of the Committee's evaluation. The letter must be received before the close of business on or before November 20th of the year prior to the next annual meeting.

For this meeting, there were no nominees recommended by a shareholder nor was a third party engaged to assist in the process of identifying or evaluating nominees for the Board of Directors.

### **Corporate Governance Policies**

*Implementation.* The Board of Directors has implemented the corporate governance initiatives required by the NYSE rules and the Sarbanes-Oxley Act of 2002. These include, among others, Corporate Governance Guidelines, a Code of Business Conduct and Ethics for the Company's directors, officers and employees, as well as a Code of Ethical Conduct for the Finance Officers and Finance Department Personnel. These Corporate Governance policies and procedures are discussed in various places within this Proxy Statement.

*Availability of Policies.* Each of our policies are available on the Corporate Governance page accessed from the Investor Relations page of our website at [www.myersind.com](http://www.myersind.com). Copies of the policies are also available upon request of our Corporate Secretary.

*Code of Ethics.* We have a Code of Business Conduct and Ethics and Code of Ethical Conduct for the Finance Officers and Finance Department Personnel, which embodies our commitment to ethical and legal business practices, as well as satisfies the NYSE requirements to implement and maintain such a

**Table of Contents**

policy. The Board expects all of our officers, directors and other members of our workforce to act ethically at all times. Both of these policies are available on our website [www.myersind.com](http://www.myersind.com) on the Corporate Governance page accessed from the Investor Relations page.

*Executive Sessions of the Board.* Effective in December 2002, the Board adopted a policy requiring the non-management directors, both as to the Board and in their respective Committees, to meet regularly in executive session without any management personnel or employee directors present. During 2007, the Board of Directors and each Committee met regularly in executive session as follows: Board of Directors, five times; Audit Committee, nine times; Compensation Committee, five times; and the Governance Committee, twice.

*Presiding Directors.* The non-management directors reported that in 2007 they selected Presiding Directors to preside during executive sessions. The Chair of the Governance Committee acts as the Presiding Director for the executive sessions of the Board, and the Chair of each Committee was selected as the Presiding Director for the executive sessions of the applicable Committee.

*Anonymous Reporting.* The Audit Committee maintains procedures, including a worldwide telephone hotline, which allows employees and interested parties to report any financial or other concerns anonymously as further detailed under Interested Parties Communications with the Board of Directors, above.

*Annual Board and Committee Self-Assessments.* In 2004, the Board of Directors, through the Governance Committee, instituted annual self-assessments of the Board of Directors, as well as the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee, to assist in determining whether the Board of Directors and its Committees are functioning effectively. In December 2007, the Board and each of its Committees conducted the most recent self-evaluations and discussed the results at subsequent meetings.

*NYSE and SEC Certifications.* We submitted to the NYSE in 2007, an unqualified Section 12(a) certification by our Chief Executive Officer. Further, each applicable filing with the SEC contained the Section 302 and 906 Certifications of our Chief Executive Officer and Chief Financial Officer.

**Director Compensation.** The annual retainer for non-employee directors is \$25,000, except for the Audit Committee chair, who receives an annual retainer of \$30,000. In addition, directors receive a meeting fee of \$1,500 for each scheduled board, committee or board dinner meeting which they attend, except that committee chairs receive \$2,000 for each meeting of their committee. Directors who are not appointed members of a committee, are paid a meeting fee if they attend the committee meeting at the request of the chair of the committee. Directors are reimbursed for their reasonable out of pocket expenses related to attending board and committee meetings.

Directors who are employees of the Company do not receive either the annual retainer or the meeting fees.

Under our Amended and Restated 1999 Incentive Stock Plan, that commenced in April 2007 each non-employee director who held such position on the day before the annual shareholder meeting is awarded annually, on the day of the meeting, a restricted stock award of 1,000 shares of Common Stock. Each restricted stock award will vest in equal amounts over a four year period. Prior to the amendment each non-employee director who held such position on the day before the annual shareholder meeting was awarded annually, on the same day of the meeting, a non-qualified stock option to purchase 2,500 shares of our Common Stock. The option price per share is 100% of the fair market value (being the closing price on the NYSE on the day of grant) of a share of Common Stock.

Our Code of Regulations provides that we will indemnify, to the fullest extent then permitted by law, any of our directors or former directors who was or is a party or is threatened to be made a party to any matter, whether civil or criminal, by reason of the fact that the individual is or was a director of the Company, or serving at our request as a

director of another entity. We have entered into indemnity agreements with each

**Table of Contents**

of our directors contractually obligating us to provide such protection. We also currently have in effect director and officer insurance coverage.

The following table shows the compensation paid to each of the non-employee directors during fiscal 2007. Mr. Orr, who is our President and Chief Executive Officer, does not receive any additional compensation for services as a director.

**NON-EMPLOYEE DIRECTOR COMPENSATION TABLE  
FOR FISCAL 2007**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(9)</sup>	Option Awards (\$) <sup>(10)(11)</sup>	Change in Pension Value and Non-Equity Incentive		All Other Compensation (\$)	Total (\$)
				Nonqualified Plan Compensation (\$)	Deferred Earnings (\$)		
Keith A. Brown <sup>(1)</sup>	74,000	3,333				14,440 <sup>(13)</sup>	91,773
Vincent C. Byrd	62,500	3,333				0	65,833
Karl S. Hay <sup>(2)</sup>	24,750					12,655 <sup>(13)</sup>	37,405
Richard P. Johnston <sup>(3)(4)</sup>	130,500	3,333				38,477 <sup>(13)(14)</sup>	172,310
Edward W. Kissel <sup>(4)(5)</sup>	119,000	3,333				14,062 <sup>(13)</sup>	136,395
Stephen E. Myers	0 <sup>(8)</sup>	3,333			40,156 <sup>(12)</sup>	525,594 <sup>(15)</sup>	569,083
Richard L. Osborne	52,000	3,333				14,440 <sup>(13)</sup>	69,773
Jon H. Outcalt <sup>(4)(6)</sup>	132,000	3,333				11,794 <sup>(13)</sup>	147,127
Robert A. Stefanko <sup>(7)</sup>	50,000					0 <sup>(16)</sup>	50,000

<sup>(1)</sup> Mr. Brown served as the Chairman and Presiding Director of the Audit Committee.

<sup>(2)</sup> Mr. Hay, who had been a director since 1969, retired from the Board as of April 27, 2007.

<sup>(3)</sup> Mr. Johnston served as the Chairman and Presiding Director of the Special Committee during 2007.

<sup>(4)</sup> Includes fees for serving on the Special Committee during 2007.

<sup>(5)</sup> Mr. Kissel served as the Chairman and Presiding Director of the Corporate Governance and Nominating Committee.

- (6) Mr. Outcalt served as the Chairman and Presiding Director of the Compensation Committee.
- (7) Mr. Stefanko joined the Board of Directors April 27, 2007.
- (8) Mr. Myers is our former Chief Executive Officer and receives compensation under a severance arrangement. Mr. Myers does not receive any additional compensation for services as a director.
- (9) Stock Award amounts shown in the Non-Employee Compensation Table do not reflect compensation actually received by the directors. The amounts shown reflect the compensation costs recognized by the Company in fiscal 2007 for stock awards as determined pursuant to Statement of Financial Accounting Standards No. 123(R) or FAS 123R. These stock awards were granted April 2007. As of December 31, 2007 the following directors each held 1,000 shares of awarded stock: Mr. Brown, Mr. Byrd, Mr. Johnston, Mr. Kissel, Mr. Myers, Mr. Osborne, and Mr. Outcalt.
- (10) No stock option awards were provided to the non-employee directors in 2007.
- (11) The number of stock options held by the directors at December 31, 2007 was as follows: Mr. Brown (8,850), Mr. Byrd (0), Mr. Hay (8,850), Mr. Johnston (8,850), Mr. Kissel (8,850), Mr. Myers (9,400), Mr. Osborne (8,850), Mr. Outcalt (8,850) and Mr. Stefanko (0).
- (12) Mr. Myers was a participant in our Supplemental Retirement Plan. At the time of his resignation as our Chief Executive Officer he became fully vested as of May 1, 2006. The amount reported reflects the increased net present value of the benefit accrued in the Supplemental Retirement Plan for the year ended December 31, 2007.
- (13) The following non-employee directors recognized additional income in 2007 resulting from the exercise of expiring non qualified stock options: Mr. Brown (\$14,440), Mr. Hay (\$12,655), Mr. Johnston (\$12,928), Mr. Kissel (\$14,062), Mr. Osborne (\$14,440) and Mr. Outcalt (\$11,794).
- (14) The amount includes \$25,549 for Mr. Johnston, which reflects an annual pension benefit that he is entitled to under the terms of an employment agreement with our subsidiary Buckhorn Inc. He resigned as an employee in 1990. The pension benefits commenced under the employment agreement following his resignation.
- (15) Mr. Myers resigned as Chief Executive Officer effective May 1, 2005. Mr. Myers entered into a retirement and separation agreement effective May 1, 2005 with a term through May 1, 2009. During the term of this agreement, he is considered a non-executive employee with total compensation of \$500,000 per year, allocated as follows: (i) compensation for his services as an employee at \$60,000; (ii) compensation for non-compete provisions at \$220,000 and (iii) compensation for releases of claims

**Table of Contents**

and other covenants at \$220,000. In 2007, Mr. Myers also received a bonus of \$25,000 plus \$594 for the cost of group term life insurance exceeding \$50,000. He is to be granted annually the same stock based compensation received by a non-employee director of the Company, which was a restricted share award of 1,000 of our shares of stock at the fair market value on the date of grant in 2007. The agreement provides that the Corporate Governance & Nominating Committee agrees to annually consider Mr. Myers for nomination to the Board of Directors, and if nominated and elected by the shareholders to the Board, the Board agrees to appoint him as the Chairman of the Board of Directors. The agreement provides coverage under the Company's health care plan until May 1, 2009. At such time, until he reaches age 75, we will reimburse him for any private supplemental health care coverage that he obtains up to a maximum of the then-current cost of COBRA coverage under our health care plan. No COBRA reimbursements were made in 2007.

- (16) Myers Industries, Inc. agreed to pay Mr. Stefanko a special director fee of \$22,500 in connection with the consummation of the merger transaction pursuant to the Agreement and Plan of Merger dated April 24, 2007 (the Merger), the full text of which was filed with the SEC on April 26, 2007 as Exhibit 10.1 to the Current Report on Form 8-K. Since the Merger was not consummated in 2007, no amount was paid to Mr. Stefanko during 2007.

**EXECUTIVE COMPENSATION AND RELATED INFORMATION**

**Compensation Disclosure and Analysis**

The primary objective of our executive compensation package is to attract, retain, and motivate our executives. Our current executive officers, John C. Orr, President and Chief Executive Officer, and Donald A. Merrill, Chief Financial Officer, Vice President and Corporate Secretary, are compensated according to the terms of their employment contracts, which are described below. We seek to provide a total compensation package that is competitive and that rewards our executives for their role in creating value for our shareholders.

*Overview:*

Our Compensation Committee, which is comprised of three independent directors, is responsible for establishing and administering our compensation policies. To meet our goals, the Compensation Committee has implemented compensation packages that are based on a mix of salary, bonus, equity awards and other benefits. The Compensation Committee focuses on performance compensation to ensure the alignment of our executives' interests with those of shareholders. We believe that performance and equity-based compensation are the components of our executive compensation package that will maximize shareholder value and enable us to attract and retain qualified executives. In keeping with this goal our Compensation Committee implemented a performance incentive based program for determining annual bonuses, that commenced in 2007.

The Chief Executive Officer regularly meets with the Compensation Committee and makes recommendations with respect to our compensation programs, practices and packages for executives and other employees. The Compensation Committee considers these recommendations in its deliberations. The Compensation Committee meets in executive session at each meeting. The Compensation Committee discusses Mr. Orr's compensation package with him, but makes its decisions with regard to his compensation in executive session.

*Objectives:*

Our executive compensation program is designed to meet the following goals:

Motivate our executive officers to achieve short-term and long-term corporate goals that will increase shareholder value;

Motivate and reward executives whose knowledge, skills and performance are crucial to our success; and

Attract and retain talented and experienced executives and other key employees.

*Policies:*

To meet our objectives, the Compensation Committee has implemented the following policies:

Provide compensation packages that are competitive in the market;

**Table of Contents**

Provide short-term performance incentives by establishing goals for our executives through a bonus plan focused on operating performance and cash flow; and

Provide long-term performance incentives through the use of restricted stock awards, option grants and other equity-based awards under our Amended and Restated 1999 Incentive Stock Option Plan that reward executive manage