FIRST HORIZON NATIONAL CORP
Form 4
November 19, 2010

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BURKETT CHARLES G

(Last) (First) (Middle)

FIRST HORIZON NATIONAL CORPORATION, 165 MADISON AVENUE

(Street)

MEMPHIS, TN 38103

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FIRST HORIZON NATIONAL CORP [FHN]

3. Date of Earliest Transaction (Month/Day/Year)
11/19/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President - Banking

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Salary Stock Units	$ 0	11/19/2010		A		3,755		(1)	09/01/2011 (1)	Common Stock	3,755

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BURKETT CHARLES G FIRST HORIZON NATIONAL CORPORATION 165 MADISON AVENUE MEMPHIS, TN 38103			President - Banking	

Signatures

/s/ John A. Niemoeller, attorney-in-fact	11/19/2010
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Salary stock units (SSUs) are issued bi-weekly as a portion of the reporting person's salary compensation. An SSU represents the right to receive a cash payment equal to the future value of a share of FHN common stock. SSUs issued in 2010 will be valued half in February 2011 and half in August 2011 and paid half on or about March 1, 2011, and half on or about September 1, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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8,917

$

10,131

$

4,973

Income taxes

$

8,136

$

10,138

$

11,355

The accompanying notes are an integral part of these statements.

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Dollar amounts in thousands, except where otherwise indicated)

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Myers Industries, Inc. and all wholly owned subsidiaries (collectively, the “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 operating results of the Company are immaterial investments which have been accounted for under the equity or cost method. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) 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.

Certain items previously reported in specific financial statement captions have been reclassified to conform to the fiscal 2016 presentation.

Accounting Standards Adopted

In September 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-16, Simplifying the Accounting for Measurement-Period Adjustments in relation to business combinations. Under existing standards, the measurement-period adjustments are calculated as if they were known at the acquisition date, and are recognized by revising information in prior periods. Under the new standard, measurement-period adjustments continue to be calculated as if they were known at the acquisition date, but are recognized in the reporting period in which they are determined, with no revisions to prior periods relating to the business combination. In addition to the disclosure requirement explaining the nature and amount of the measurement-period adjustments, additional disclosures are required to explain the impact on current period income statement line items of adjustments that would have been recognized in prior periods if such period information had been revised. ASU 2015-16 became effective for annual reporting periods, including interim reporting periods within those periods, beginning after December 15, 2015. Adoption of ASU 2015-16 in the first quarter of 2016 did not have an impact on the Company's results of operations, cash flows or financial position.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-03) - Simplifying the Presentation of Debt Issuance Costs, which requires unamortized debt issuance costs to be presented as a reduction of the corresponding debt liability rather than a separate asset. The Company adopted ASU 2015-03 retrospectively in the first quarter of 2016. As a result of the retrospective adoption, the Company reclassified unamortized debt issuance cost of $1,125 as of December 31, 2015 from other non-current assets to a reduction of long-term debt in the Consolidated Statements of Financial Position. Adoption of ASU 2015-03 did not have an impact on the Company’s results of operations or cash flows.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties About an Entity’s Ability to Continue as a Going Concern. The new standard provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Under ASU 2014-15, management will be required to perform interim and annual assessments of the Company’s ability to continue as a going concern within one year of the date the financial statements are issued. ASU 2014-15 became effective for annual periods ending after December 15, 2016, and interim periods thereafter. The adoption of this standard did not have an impact on the Company's financial statement disclosures.

Accounting Standards Not Yet Adopted

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment. This ASU eliminates Step 2 of the goodwill impairment test and requires a goodwill impairment to be measured as the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of its goodwill. The ASU is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The guidance allows for early adoption for impairment testing dates after January 1, 2017. While the Company is currently evaluating the timing of adoption, it does not believe that the adoption of this guidance will have a material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230) - Restricted Cash. This ASU requires that companies include amounts generally described as restricted cash and restricted cash equivalents, along with cash and cash equivalents, when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. The ASU is

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

effective for annual reporting periods beginning after December 15, 2017 and interim periods within those annual periods. To the extent there are changes in the Company's restricted cash balances, adoption of this standard will impact the statement of cash flows.

In October 2016, the FASB issued ASU 2016-16, Accounting for Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory (Topic 740). This ASU requires immediate recognition of the income tax consequences of intercompany asset transfers other than inventory. The ASU is effective for annual reporting periods beginning after December 15, 2017 and interim periods within those annual periods. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments, which clarifies how entities should classify certain cash receipts and cash payments on the statement of cash flows. The new guidance also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. The Company does not anticipate that adoption of this standard will have a significant impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments, which introduces new guidance for the accounting for credit losses on instruments. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. This ASU is effective for fiscal years beginning after December 15, 2019 including interim periods within that reporting period, with early adoption permitted for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation - Improvements to Employee Share-Based Payment Accounting, which involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Under the new standard, income tax benefits and deficiencies are to be recognized as income tax expense or benefit in the income statement and the tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. An entity should also recognize excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. Excess tax benefits should be classified along with other income tax cash flows as an operating activity. In regards to forfeitures, the entity may make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. This ASU is effective for fiscal years beginning after December 15, 2016 including interim periods within that reporting period, with early adoption permitted. The Company plans to elect to recognize forfeitures as they occur and is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under ASU 2016-02, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The new standard is effective for the Company beginning January 1, 2019 and requires a modified retrospective approach. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. Under ASU 2014-09, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new guidance also includes enhanced disclosure requirements, and is effective January 1, 2018, with early adoption permitted for January 1, 2017. Entities have the option to apply the new guidance under a retrospective approach to each prior reporting period presented, or a modified retrospective approach with the cumulative effect of initially applying the new guidance recognized at the date of initial application within the Consolidated Statements of Shareholders' Equity. The Company plans to adopt the new guidance effective January 1, 2018. The Company has made substantial progress in its evaluation of the new standard and expects to complete its evaluation of the impact on the Company's consolidated financial statements during the first half of 2017. The Company currently plans to adopt the new guidance under the modified retrospective approach.

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

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 income (loss) as a separate component of shareholders' equity.

Fair Value Measurement

The Company follows guidance included in Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, for its financial assets and liabilities, as required. The guidance established a common definition for fair value to be applied under U.S. GAAP requiring the use of fair value, established a framework for measuring fair value, and expanded disclosure requirements about such fair value measurements. The guidance did not require any new fair value measurements, but rather applied to all other accounting pronouncements that require or permit fair value measurements. Under ASC 820, the hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is divided into three levels:

Level 1:	Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2:	Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are observable either directly or indirectly.
Level 3:	Unobservable inputs for which there is little or no market data or which reflect the entity’s own assumptions.

The Company has financial instruments, including cash, accounts receivable, accounts payable and accrued expenses. The fair value of these financial instruments approximate carrying value due to the nature and relative short maturity of these assets and liabilities.

The fair value of debt under the Company’s Loan Amendment approximates carrying value due to the floating rates and relative short maturity (less than 90 days) of the revolving borrowings under this agreement. The fair value of the Company’s fixed rate senior unsecured notes was estimated using market observable inputs for the Company’s comparable peers with public debt, including quoted prices in active markets and interest rate measurements which are considered level 2 inputs. At December 31, 2016 and 2015, the aggregate fair value of the Company's $100.0 million fixed rate senior unsecured notes was estimated at $98.0 million and $102.1 million, respectively.

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. The Company’s largest single customer in 2016 accounts for approximately 4% of net sales with no other customer greater than 3%. Outside of the United States, only customers located in Brazil and Canada, which account for approximately 3.9% and 4.4% of net sales, respectively, are significant to the Company’s operations. 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 $0.9 million, $0.3 million and $0.4 million for the years 2016, 2015 and 2014, respectively. Deductions from the allowance for doubtful accounts, net of recoveries, were approximately $0.4 million, $0.5 million and $0.9 million for the years 2016, 2015 and 2014, respectively.

Factoring

The Company's wholly-owned subsidiaries Plasticos Novel Do Nordeste S.A. and Plasticos Novel Do Parana S.A. (collectively, "Novel") entered into a factoring agreement to sell, without recourse, certain of their Brazilian real-based trade accounts receivables to unrelated third party financial institutions as part of its working capital management. The sale of these receivables accelerated the collection of cash and reduced credit exposure. Under the terms of the factoring agreements, the Company retains no rights or interest and has no obligations with respect to the sold receivables. As such, the factoring of trade receivables under these agreements are

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

accounted for as a sale. The Company accounts for its trade receivable factoring program as required under ASC 860, Transfers and Servicing. During 2016, $5.8 million of trade accounts receivables had been sold under the terms of the factoring agreement for cash proceeds of $5.3 million. During 2015, $5.8 million of trade accounts receivables had been sold under the terms of the factoring agreement for cash proceeds of $5.4 million. The receivables sold pursuant to the factoring agreements have been recorded as a reduction of trade accounts receivable and as cash provided by operating activities in the accompanying Consolidated Statements of Cash Flows. The Company pays an administrative fee based on the dollar value of the receivables sold. Administrative fees related to the program for 2016 and 2015 were approximately $0.5 million and $0.4 million, respectively. These fees are included in general and administrative expenses in the accompanying Consolidated Statements of Operations.

Inventories

Inventories are valued at the lower of cost or market for last-in, first-out (“LIFO”) inventory and lower of cost or net realizable value for first-in, first-out (“FIFO”) inventory. Approximately 40 percent of our inventories are valued using the LIFO method of determining cost. All other inventories are valued at the FIFO method of determining cost.

If the FIFO method of inventory cost valuation had been used exclusively by the Company, inventories would have been $4.7 million, $5.1 million and $6.8 million higher than reported at December 31, 2016, 2015 and 2014, respectively. LIFO inventories increased cost of sales and decreased income from continuing operations before income taxes by $0.1 million in 2016. Cost of sales decreased by less than $0.1 million in 2015 and $0.4 million in 2014 as a result of the liquidation of LIFO inventories.

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 40 years
Machinery and Equipment	3 to 10 years
Leasehold Improvements	5 to 10 years

At December 31, 2016 and 2015, the Company had approximately $4.1 million of capitalized software costs included in machinery and equipment on the accompanying Consolidated Statements of Financial Position. Amortization expense related to capitalized software costs was approximately $0.6 million, $0.5 million and $0.3 million in 2016, 2015 and 2014, respectively.

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. Determination of potential 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, the amount of potential impairment may be based upon appraisal of the asset, estimated market value of similar assets or estimated cash flow from the disposition of the asset. Refer to Note 3 for discussion of the impairment charges.

Revenue Recognition

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

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) and are as follows:

	Foreign Currency	Defined Benefit Pension Plans	Total
Balance at January 1, 2014	$3,493	$(1,066)	$2,427
Other comprehensive income (loss) before reclassifications	(13,318)	(826)	(14,144)
Amounts reclassified from accumulated other comprehensive income, net of tax of ($16) (1)	—	29	29
Net current-period other comprehensive income (loss)	(13,318)	(797)	(14,115)
Balance at December 31, 2014	(9,825)	(1,863)	(11,688)
Other comprehensive income (loss) before reclassifications	(17,131)	144	(16,987)
Amounts reclassified from accumulated other comprehensive income, net of tax of ($32) (1)	(10,491)	56	(10,435)
Net current-period other comprehensive income (loss)	(27,622)	200	(27,422)
Balance at December 31, 2015	(37,447)	(1,663)	(39,110)
Other comprehensive income (loss) before reclassifications	5,105	(222)	4,883
Amounts reclassified from accumulated other comprehensive income, net of tax of ($30) (1)	—	53	53
Net current-period other comprehensive income (loss)	5,105	(169)	4,936
Balance at December 31, 2016	$(32,342)	$(1,832)	$(34,174)

(1) The accumulated other comprehensive income (loss) components related to defined benefit pension plans are included in the computation of net periodic pension cost. (See Note 13-Retirement Plans for additional details.) Cumulative translation adjustment associated with the sale of the Lawn and Garden business was included in the carrying value of assets disposed of.

Shipping and Handling

Shipping and handling expenses are primarily classified as selling expenses in the accompanying Consolidated Statements of Operations. The Company incurred shipping and handling costs of approximately $16.8 million, $16.4 million and $19.4 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Stock Based Compensation

The Company has stock plans that provide for the granting of stock-based compensation to employees and to non-employee directors. Shares issued for option exercises or restricted shares may be either from authorized but unissued shares or treasury shares. The Company records the costs of the plan under the provisions of ASC 718, Compensation — Stock Compensation. For transactions in which the Company obtains employee services in exchange for an award of equity instruments, the Company measures 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, referred to as the requisite service period (usually the vesting period).

Income Taxes

Income taxes are accounted for under the 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.

The Company evaluates its tax positions in accordance with ASC 740, Income Taxes. ASC 740 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized under ASC 740. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. The Company maintains operating cash and reserves for replacement balances in financial institutions which, from time to time, may exceed federally insured limits. The Company periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

Cash flows used in investing activities excluded $0.1 million, $6.6 million and $0.2 million of accrued capital expenditures in 2016, 2015 and 2014, respectively.

2. Acquisitions

On July 2, 2014, CA Acquisition Inc., now known as Scepter Canada Inc., and a wholly-owned subsidiary of Myers Industries, Inc., completed the purchase of substantially all of the assets and assumption of certain liabilities of Scepter Corporation and certain real property of SHI Properties Inc., both located in Scarborough, Ontario, Canada. Contemporaneously with the asset acquisition, Crown US Acquisition Company, now known as Scepter US Holding Company, and another wholly-owned subsidiary of Myers Industries, Inc., completed the purchase of all of the issued and outstanding membership interests of Eco One Leasing, LLC and Scepter Manufacturing, LLC, both located in Miami, Oklahoma. Eco One Leasing, LLC was subsequently merged into Scepter Manufacturing, LLC. The total purchase price for these acquisitions (collectively, “Scepter”) was approximately $156.6 million in cash, which includes a final working capital adjustment of approximately $1.2 million. The acquisition of Scepter was funded from net proceeds from additional borrowings of approximately $134.1 million under the Fourth Amended and Restated Loan Agreement and cash on hand of $22.5 million.

The operating results of Scepter have been included within our Consolidated Statements of Operations and within the Company's Material Handling Segment since the date of acquisition. The Consolidated Statement of Operations for the Company for the year ended December 31, 2014 included net sales of $39.4 million and an operating loss of $5.4 million related to Scepter. Scepter's operating results included $2.3 million of inventory purchase accounting fair value adjustments charged to cost of sales as the inventory was sold. In addition, transactional costs of approximately $3.6 million for the year ended December 31, 2014 are included in general and administrative expenses in the accompanying Consolidated Statements of Operations.

The following unaudited pro forma information presents a summary of the consolidated results of operations for the Company as if the acquisition of Scepter had occurred on January 1, 2014.

	For the Year Ended December 31, 2014
Net sales	$ 675,046
Income from continuing operations	$ 16,206
Net income per share from continuing operations:	
Basic	$ 0.50
Diluted	$ 0.50

The unaudited pro forma consolidated results are based on the Company's historical financial statements and those of Scepter and do not necessarily indicate the results of operations that would have resulted had the acquisition actually been completed at the beginning of the applicable period presented. The unaudited pro forma results reflect the business combination accounting effects from the acquisition including amortization charges from the acquired intangible assets, inventory purchase accounting adjustments charged to cost of sales as the inventory is sold and increased interest expense associated with debt incurred to fund the acquisition. The unaudited pro forma consolidated results do not give effect to the synergies of the acquisition and are not indicative of the results of operations in future periods.

3. Impairment Charges

During the year ended December 31, 2016, the Company reviewed its long-lived assets, intangible assets and goodwill at Plasticos Novel do Nordeste S.A. ("Novel"), a reporting unit within the Material Handling Segment for impairment. The testing for impairment

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

was performed as a result of the presence of impairment indictors resulting from the communication of a reduction in capital spending in the near-term from a significant customer in March 2016, which resulted in a significant reduction in Novel's forecasted revenue and income.

The Company first conducted a review for impairment of indefinite-lived intangibles and other long-lived assets related to Novel, including amortizable intangible assets and fixed assets which indicated that the carrying amounts of such assets may not be recoverable and required an assessment of fair value of the assets for purposes of measuring an impairment charge. The estimated fair value of indefinite-lived intangibles was determined using a relief from royalty payments income approach and the other long-lived assets was determined, in part, using an analysis of projected cash flows, a market approach and a cost approach. These valuation methods use Level 3 inputs under the fair value hierarchy discussed in Note 1.

To test for potential impairment for goodwill, the Company performed an interim impairment test as of March 31, 2016. The step one goodwill impairment test was performed using a discounted cash flow ("DCF") valuation model. The significant assumptions in the DCF model are the annual revenue growth rate, the annual operating income margin and the discount rate used to determine the present value of the cash flow projections. The discount rate was based on the estimated weighted average cost of capital as of the testing date for market participants in the industry in which the Novel reporting unit operates. Based on the estimated fair value generated by the DCF model, the Novel reporting unit's fair value did not exceed its carrying value as of March 31, 2016 and therefore a step two analysis was required to be performed. The decline in fair value of the reporting unit resulted primarily from lower projected operating results and cash flows than those utilized from the 2015 annual impairment test, directly related to the triggering event outlined above. A step two analysis was completed to allocate estimated fair value to assets and liabilities in order to estimate an implied value of goodwill. As a result of these impairment reviews, the Company concluded that the goodwill, intangibles and other long-lived assets related to Novel were impaired and recorded a non-cash impairment charge of $8.5 million in 2016. In addition, in 2016 the Company also recorded impairment charges of $1.3 million, primarily related to long-lived assets associated with the exit of a non-strategic product line in the Material Handling Segment. These impairment charges were reported in Impairment charges in the Consolidated Statements of Operations for the year ended December 31, 2016.

4. Goodwill and Intangible Assets

The Company tests for impairment of goodwill and indefinite-lived intangible assets on at least an annual basis, unless significant changes in circumstances indicate a potential impairment may have occurred sooner. Such changes in circumstances 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. See Note 3 for further discussion.

The Company conducted its annual impairment assessment as of October 1 for all of its reporting units, noting no impairment in 2015 or 2014. In addition, the Company determined that no additional goodwill impairment charges were required for 2016, beyond the impairment charges discussed in Note 3.

During the 2016 annual review of goodwill, management performed a two-step quantitative test for all of its reporting units. In evaluating goodwill for impairment using the two-step test, the Company uses a combination of valuation techniques primarily using discounted cash flows to estimate the fair values of its business reporting units and market based multiples as supporting evidence. The variables and assumptions used, all of which are level 3 fair value inputs, include the projections of future revenues and expenses, working capital, terminal values, discount rates and long term growth rates. The market multiples observed in sale transactions are determined separately for each reporting unit, and are based on the weighted average cost of capital for each of the Company's reporting units, which ranged from 10.5% to 15.75% in 2016. In addition the Company makes certain judgments about the selection of comparable companies used in determining market multiples in valuing our reporting units, as well as certain assumptions to allocate shared assets and liabilities to calculate values for each of our reporting units. The underlying assumptions used are based on historical actual experience and future expectations. The Company compares the fair value of each of its reporting units to their respective carrying values, including related goodwill. The Company also compares 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, the Company re-evaluates and adjusts, if necessary, the assumptions underlying the Income and Market Approach models. The estimate of the fair values of these reporting units, and the related goodwill, could change over time based on a

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Notes to Consolidated Financial Statements - (Continued)

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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.

The change in the carrying amount of goodwill for the years ended December 31, 2016 and 2015 is as follows:

	Distribution	Material Handling	Total
January 1, 2015	$ 505	$ 66,134	$ 66,639
Measurement period adjustments	—	(300)	(300)
Foreign currency translation	—	(2,304)	(2,304)
December 31, 2015	$ 505	$ 63,530	$ 64,035
Foreign currency translation	—	860	860
Impairment charges	—	(5,676)	(5,676)
December 31, 2016	$ 505	$ 58,714	$ 59,219

Intangible assets other than goodwill primarily consist of trade names, customer relationships, patents, and technology assets established in connection with acquisitions. These intangible assets, other than certain trade names, are amortized over their estimated useful lives. The Company performs an annual impairment assessment for the indefinite lived trade names which had a carrying value of $10,878 and $10,859 at December 31, 2016 and 2015, respectively. In performing this assessment the Company uses an income approach, based primarily on level 3 inputs, to estimate the fair value of the trade name. The Company records an impairment charge if the carrying value of the trade name exceeds the estimated fair value at the date of assessment.

Intangible assets at December 31, 2016 and 2015 consisted of the following:

		2016			2015		
	Weighted Average Remaining Useful Life (years)	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trade Names - Indefinite Lived		$ 10,878	$ —	$ 10,878	$ 10,859	$ —	$ 10,859
Trade Names	8.5	80	(34)	46	280	(142)	138
Customer Relationships	2.8	39,774	(21,127)	18,647	40,427	(16,165)	24,262

Technology	7.2	25,760	(7,519)	18,241	27,177	(5,166)	22,011
Patents	0.2	11,724	(11,542)	182	11,724	(10,464)	1,260
		$88,216	$ (40,222)	$47,994	$90,467	$ (31,937)	$58,530

Intangible amortization expense was $9,492, $9,802 and $6,466 in 2016, 2015 and 2014, respectively. Estimated annual amortization expense for intangible assets with finite lives for the next five years is: $8,315 in 2017; $8,032 in 2018; $7,659 in 2019; $4,886 in 2020 and $2,324 in 2021.

5. Discontinued Operations

On June 20, 2014, the Company completed the sale of the assets and associated liabilities of its wholly-owned subsidiaries WEK Industries, Inc. and Whiteridge Plastics LLC (collectively “WEK”) for approximately $20.7 million, which includes a working capital adjustment of approximately $0.8 million. Of the total proceeds from the sale of WEK, approximately $1.0 million was held in escrow until it was received in December 2015. The Company recorded a gain on the sale of WEK in 2014 of approximately $3.0 million, net of tax of $1.6 million, which was included in income (loss) from discontinued operations in the Consolidated Statements of Operations.

During the second quarter of 2014, the Company’s Board of Directors approved the commencement of the sale process to divest its Lawn and Garden business to allow it to focus resources on its core growth platforms. The business was sold February 17, 2015 to an entity controlled by Wingate Partners V, L.P., a private equity firm, for $110.0 million, subject to a working capital adjustment. The terms of the agreement include a $90.0 million cash payment, promissory notes totaling $20.0 million that mature in August 2020, a 6% interest rate and approximately $8.6 million placed in escrow that was due to be settled by August 2016, but has been extended

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Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

until certain indemnification claims are resolved, as discussed in Note 10-Contingencies. The fair market value of the notes at February 17, 2015 was $17.8 million and is included in Notes Receivable in the accompanying Consolidated Statements of Financial Position, in which the carrying value represents the fair value at date of sale plus accretion as of the balance sheet date. The fair value of the notes receivable was calculated using level 2 inputs as defined in Note 1. The final working capital adjustment resulted in a cash payment to the buyer of approximately $4.0 million in 2016. The total gain on the sale of the Lawn and Garden business in 2015 was $4.7 million, net of tax, and is included in income (loss) from discontinued operations in the accompanying Consolidated Statements of Operations.

Summarized selected financial information for the Lawn and Garden business and WEK for the years ended December 31, 2016, 2015 and 2014 are presented in the following table:

	For the Year Ended December 31,		
	2016	2015*	2014**
Net sales	$—	$29,335	$204,716
Loss from discontinued operations before income taxes	$—	$(1,214)	$(30,038)
Income tax expense (benefit)	—	(262)	(9,408)
Loss from discontinued operations	—	(952)	(20,630)
Gain (loss) on sale of discontinued operations, inclusive of tax provision (benefit) of $0.2 million, ($2.8) million and $1.6 million for the years ended December 31, 2016, 2015 and 2014, respectively	(468)	4,661	2,988
Income (loss) from discontinued operations, net of income taxes	$(468)	$3,709	$(17,642)

*Includes Lawn and Garden operating results through February 17, 2015.
**Includes WEK operating results through June 20, 2014.

6. Net Income (Loss) Per Common Share

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

	For the Year Ended December 31,		
	2016	2015	2014

Weighted average common shares outstanding basic	29,750,378	30,616,485	32,232,965
Dilutive effect of stock options and restricted stock	217,534	327,208	471,047
Weighted average common shares outstanding diluted	29,967,912	30,943,693	32,704,012

Options to purchase 551,761, 463,200 and 198,500 shares of common stock that were outstanding at December 31, 2016, 2015 and 2014, respectively, were not included in the computation of diluted earnings per share as the exercise prices of these options was greater than the average market price of common shares, and were therefore anti-dilutive.

7. Restructuring

The charges related to various restructuring programs implemented by the Company are included in selling, general and administrative ("SG&A") expenses and cost of sales depending on the type of cost incurred. The restructuring charges recognized in the years ended 2015 and 2014 are presented in the following table. There were no restructuring charges in the year ended 2016.

	2015			2014		
Segment	Cost of sales	SG&A	Total	Cost of sales	SG&A	Total
Distribution	$—	$124	$124	$—	$764	$764
Material Handling	1,340	912	2,252	189	260	449
Corporate	—	35	35	—	—	—
Total	$1,340	$1,071	$2,411	$189	$1,024	$1,213

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In 2015, the Material Handling Segment consolidated two manufacturing plants, streamlined Brazilian operations, closed a Canadian branch operation and sold a product line. The Company recorded $2.3 million of restructuring cost for these initiatives, primarily related to severance and moving expenses for equipment and inventory.

During 2014, the Distribution Segment closed its Canadian branches operating under the name Myers Tire Supply International. The restructuring actions included closure, lease cancellation and employee related costs, which amounted to approximately $0.8 million. Restructuring actions under the plan have been completed.

Also during 2014, the Material Handling Segment restructured its sales and finance organization within several of its businesses. Restructuring costs of $0.4 million were incurred related to these actions.

8. Other Accrued Expenses

As of December 31, 2016 and 2015, the balance in other accrued expenses is comprised of the following:

	December 31, 2016	December 31, 2015
Deposits and amounts due to customers	$ 2,688	$ 9,351
Dividends payable	4,260	4,190
Accrued litigation and professional fees	452	308
Other accrued expenses	5,683	9,379
	$ 13,083	$ 23,228

9. Stock Compensation

The Company’s Amended and Restated 2008 Incentive Stock Plan (the “2008 Plan”) authorizes the Compensation Committee of the Board of Directors to issue up to 4,000,000 shares of various types of stock based awards including stock options, restricted stock, restricted stock units and stock appreciation rights to key employees and directors. Options granted and outstanding vest over the requisite service period and expire ten years from the date of grant.

The following tables summarize stock option activity in the past three years:

Options granted in 2016, 2015, and 2014:

Year	Options	Exercise Price
2016	271,350	$ 11.62
2015	208,200	$ 18.67
2014	209,500	$ 20.93

Options exercised in 2016, 2015, and 2014:

Year	Options	Exercise Price
2016	334,836	$9.00 to $14.77
2015	239,508	$9.97 to $17.02
2014	228,064	$9.97 to $17.02

In addition, options totaling 162,565, 71,567 and 43,252 expired or were forfeited during the years ended December 31, 2016, 2015 and 2014, respectively.

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Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

Options outstanding and exercisable at December 31, 2016, 2015, and 2014 were as follows:

Year	Outstanding	Range of Exercise Prices	Exercisable	Weighted Average Exercise Price
2016	1,183,830	$9.97 to $20.93	934,898	$ 14.88
2015	1,409,881	$9.00 to $20.93	1,231,544	$ 13.47
2014	1,512,756	$9.00 to $20.93	1,066,219	$ 11.58

Stock compensation expense was approximately $3,357, $4,934 and $3,115 for the years ended December 31, 2016, 2015 and 2014, respectively. These expenses are included in selling, general and administrative expenses in the accompanying Consolidated Statements of Operations. Total unrecognized compensation cost related to non-vested share based compensation arrangements at December 31, 2016 was approximately $4,119 which will be recognized over the next three years, as such compensation is earned.

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 rate is based on the Company's historical dividend yield. The expected volatility is derived from historical volatility of the Company's shares and those of similar companies measured against the market as a whole. In 2016, 2015 and 2014, the Company used the binomial lattice option pricing model based on assumptions set forth in the following table.

	2016	2015	2014
Risk free interest rate	1.80 %	2.10 %	2.80 %
Expected dividend yield	4.60 %	2.90 %	2.50 %
Expected life of award (years)	8.00	8.00	7.00
Expected volatility	50.00 %	50.00 %	50.00 %
Fair value per option	$3.45	$6.03	$7.05

The following table provides a summary of stock option activity for the period ended December 31, 2016:

	Shares	Average Exercise	Weighted Average

		Price	Life (in Years)
Outstanding at December 31, 2015	1,409,881	$ 14.12	
Options granted	271,350	11.62	
Options exercised	(334,836)	9.66	
Canceled or forfeited	(70,965)	15.37	
Expired	(91,600)	17.05	
Outstanding at December 31, 2016	1,183,830	14.50	6.20
Exercisable at December 31, 2016	934,898	$ 14.88	5.47

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 intrinsic value of stock options exercised in 2016, 2015 and 2014 was $1,809, $1,151 and $1,744, respectively.

The following table provides a summary of combined restricted stock units and restricted stock activity for the year ended December 31, 2016:

	Shares	Average Grant-Date Fair Value
Unvested shares at December 31, 2015	229,390	
Granted	247,594	$ 11.85
Vested	(115,241)	16.19
Forfeited	(30,333)	14.69
Unvested shares at December 31, 2016	331,410	

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Notes to Consolidated Financial Statements - (Continued)

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Restricted stock units are rights to receive shares of common stock, subject to forfeiture and other restrictions, which vest over a two or three year period. Restricted shares are considered to be non-vested shares under the accounting guidance for share-based payment and are not reflected as issued and outstanding shares until the restrictions lapse. At that time, the shares are released to the grantee and the Company records the issuance of the shares. Restricted stock awards are valued based on the market price of the underlying shares on the grant date. Compensation expense is recognized on a straight-line basis over the requisite service period. At December 31, 2016, restricted stock awards had vesting periods up through December 2019.

Included in the 2016 grants are 91,700 performance-based restricted stock units. The fair value of these awards is calculated using the market price of the underlying common stock on the date of grant. In determining fair value, the Company does not take into account performance-based vesting requirements. For these awards, the performance-based vesting requirements determines the number of shares that ultimately vest, which can vary from 0% to 200% of target depending on the level of achievement of established performance criteria. Compensation expense is recognized over the requisite service period subject to adjustment based on the probable number of shares expected to vest under the performance condition.

10. 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.

New Idria Mercury Mine

In September 2015, the U.S. Environmental Protection Agency ("EPA") formally informed a subsidiary of the Company, Buckhorn, Inc. ("Buckhorn") via a notice letter and related documents (the "Notice Letter") that it considers Buckhorn to be a potentially responsible party ("PRP") in connection with the New Idria Mercury Mine site ("New Idria Mine"). New Idria Mining & Chemical Company ("NIMCC"), which owned and/or operated the New Idria Mine through 1976 was merged into Buckhorn Metal Products Inc. in 1981, which was subsequently acquired by Myers Industries in 1987. As a result of the EPA Notice Letter, Buckhorn and the Company are engaged in negotiations with the EPA with respect to a draft Administrative Order proposed by the EPA for the Remedial Investigation/Feasibility Study ("RI/FS") to determine the extent of remediation necessary and the screening of alternatives. The New Idria Mine is located near Hollister, California and was added to the Superfund National Priorities List by the EPA in October 2011, at which time the Company recognized expense of $1.9 million related to performing the RI/FS. In the second quarter of 2016, the Company, based on discussions with the EPA, determined that the RI/FS will begin in 2017 and therefore obtained updated estimated costs to perform the RI/FS. As a result of the updated estimated costs, the

Company recorded additional expense of $1.0 million in the second quarter of 2016. As part of the Notice Letter, the EPA also made a claim for approximately $1.6 million in past costs for actions it claims it has taken in connection with the New Idria Mine since 1993. While the Company is challenging these past cost claims, in 2015 the Company recognized expense of $1.3 million related to these past claims.

As of December 31, 2016 and 2015, the Company has a total reserve of $2.5 million and $2.0 million, respectively, related to the New Idria Mine. As of December 31, 2016, $0.3 million is classified in Other Current Liabilities and $2.2 million is classified in Other Liabilities on the Consolidated Statements of Financial Position.

As negotiations with the EPA proceed it is possible that adjustments to the aforementioned reserves will be necessary to reflect new information. Estimates of the Company's liability are based on current facts, laws, regulations and technology. Estimates of the Company's environmental liabilities are further subject to uncertainties regarding the negotiations with EPA, the nature and extent of site contamination, the range of remediation alternatives available, evolving remediation standards, imprecise engineering evaluation and cost estimates, the extent of remedial actions that may be required, the number and financial condition of other PRPs that may be named as well as the extent of their responsibility for the remediation, and the availability of insurance coverage for these expenses.

At this time, we have not accrued for remediation costs in connection with this site as we are unable to estimate the liability, given the circumstances referred to above, including the fact the final remediation strategy has not yet been determined.

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New Almaden Mine (formerly referred to as Guadelupe River Watershed)

A number of parties, including the Company and its subsidiary, Buckhorn (as successor to NIMCC), were alleged by trustee agencies of the United States and the State of California to be responsible for natural resource damages due to environmental contamination of areas comprising the historical New Almaden mercury mines located in the Guadalupe River Watershed region in Santa Clara County, California ("County"). In 2005, Buckhorn and the Company, without admitting liability or chain of ownership of NIMCC, resolved the trustees' claim against them through a consent decree that required them to contribute financially to the implementation by the County of an environmentally beneficial project within the impacted area. Buckhorn and the Company negotiated an agreement with the County, whereby Buckhorn and the Company agreed to reimburse one-half of the County's original cost estimate of $1.6 million of implementing the project. As a result, in 2005, the Company recognized expense of $0.8 million representing its share of the initial estimated project costs, of which approximately $0.5 million has been paid to date. In April 2016, the Company was notified by the County that the original cost estimate may no longer be appropriate due to expanded scope and increased costs of construction and provided a revised estimate of between $3.3 million and $4.4 million. The Company completed a detailed review of the support provided by the County for the revised estimate and as a result, recognized additional expense of $1.2 million during the year ended December 31, 2016. As of December 31, 2016, the Company has a total reserve of $1.5 million related to the New Almaden Mine, of which $0.2 million is classified in Other Current Liabilities and $1.3 million is classified in Other Liabilities on the Consolidated Statements of Financial Position.

The project has not yet been implemented though significant work on design and planning has been performed. Field work on the project is expected to commence in 2017. As work on the project occurs, it is possible that adjustments to the aforementioned reserves will be necessary to reflect new information. In addition, the Company may have claims against and defenses to claims by the County under the 2005 agreement that could reduce or offset its obligation for reimbursement of some of these potential additional costs. With the assistance of environmental consultants, the Company will closely monitor this matter and will continue to assess its reserves as additional information becomes available.

Lawn and Garden Indemnification Claim

In connection with the sale of the Lawn and Garden business, as described in Note 5, the Company received a Notice of Indemnification Claims in April 2015, and a Second Notice of Indemnification Claims in July 2016 (collectively, the "Claims"), alleging breaches of certain representations and warranties under the agreement resulting in losses in the amount of approximately $10 million. The Company believes these Claims are without merit and intends to vigorously defend its position. As described in Note 5, approximately $8.6 million of the sale proceeds that were placed in escrow were due to be settled in August 2016, but has been extended until the Claims are resolved.

Other

Buckhorn and Schoeller Arca Systems, Inc. ("SAS") were plaintiffs in a patent infringement lawsuit against Orbis Corp. and Orbis Material Handling, Inc. ("Orbis") for alleged breach by Orbis of an exclusive patent license agreement from SAS to Buckhorn. SAS is an affiliate of Schoeller Arca Systems Services B.V. ("SASS B.V."), a Dutch company. SAS manufactures and sells plastic returnable packaging systems for material handling. In the course of the litigation, it was discovered that SAS had given a patent license agreement to a predecessor of Orbis that pre-dated the one that SAS sold to Buckhorn. As a result, judgment was entered in favor of Orbis, and the court awarded attorney fees and costs to Orbis in the amount of $3.1 million, plus interest and costs.

In May 2014, Orbis made demand to SAS that SAS pay the judgment in full, and subsequently in July 2014, Orbis made the same demand to Buckhorn. Buckhorn believed it was not responsible for any of the judgment because it was not a party to the Orbis license. Despite this belief, the Company recorded expense of $3.0 million during the third quarter of 2014 for the entire amount of the unpaid judgment. The United States Court of Appeals for the Federal Circuit reversed the judgment against Buckhorn on July 2, 2015, and found that Buckhorn was not liable to Orbis for any portion of the judgment entered in favor of Orbis. Accordingly, Myers reversed the accrual of $3.0 million during the second quarter of 2015, which was reflected as a reduction of general and administrative expenses in the accompanying Consolidated Statements of Operations. The Federal Circuit Court of Appeals rejected Orbis' petition for rehearing and rehearing en banc. All opportunities for Orbis to appeal have expired. The United States District Court for the Southern District of Ohio has now released Buckhorn’s appellate bond. Buckhorn was also pursuing legal action against SAS and SASS B.V. for fraudulently selling an exclusive patent license they could not sell and related claims. In 2016, the Company settled with SAS and SASS B.V. in return for a payment to the Company of $0.2 million, which was recorded as a reduction in general and administrative expenses in the Consolidated Statements of Operations.

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When a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the estimated loss, or the minimum estimated liability when the loss is estimated using a range, and no point within the range is more probable of occurrence than another. As additional information becomes available, any potential liability related to these matters will be assessed and the estimates will be revised, if necessary.

Based on current available information, management believes that the ultimate outcome of these matters will not have a material adverse effect on our financial position, cash flows or overall trends in our results of operations. However, these matters are subject to inherent uncertainties, and unfavorable rulings could occur. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on the financial position and results of operations of the period in which the ruling occurs, or in future periods.

11. Long-Term Debt and Loan Agreements

Long-term debt at December 31, 2016 and 2015 consisted of the following:

	December 31, 2016	December 31, 2015
Loan Agreement	$ 90,686	$ 93,512
4.67% Senior Unsecured Notes due 2021	40,000	40,000
5.25% Senior Unsecured Notes due 2024	11,000	11,000
5.30% Senior Unsecured Notes due 2024	29,000	29,000
5.45% Senior Unsecured Notes due 2026	20,000	20,000
	190,686	193,512
Less unamortized deferred financing costs	1,164	1,631
	$ 189,522	$ 191,881

On May 30, 2014, the Company entered into a First Amendment to the Fourth Amended and Restated Loan Amendment (the "Loan Amendment"). The Loan Amendment provided for a $300 million senior revolving credit facility expiring in December 2018. Amounts borrowed under the Loan Amendment are secured by pledges of stock of certain of our foreign and domestic subsidiaries.

Under the terms of the Loan Amendment, the Company may borrow up to $300 million, reduced for letters of credit issued. As of December 31, 2016, the Company had $204.9 million available under the Loan Amendment. The Company had $4.4 million of letters of credit issued related to insurance and other financing contracts in the ordinary course of business at December 31, 2016. Borrowings under the Loan Amendment bear interest at the LIBOR rate, prime rate, federal funds effective rate, the Canadian deposit offered rate, or the eurocurrency reference rate depending on the type of loan requested by the Company, in each case plus the applicable margin as set forth in the Loan Amendment. The average interest rate on borrowings under our loan agreements were 4.69% for 2016 and 4.59% for 2015, which includes a quarterly facility fee on the used and unused portion.

The Company's Senior Unsecured Notes totaling $100 million range in face value from $11 million to $40 million, with interest rates ranging from 4.67% to 5.45%, payable semiannually, and maturing between 2021 and 2026. At December 31, 2013, the Company had received $11 million of its 5.25% Senior Unsecured Notes due January 15, 2024 under the note purchase agreement. The remaining proceeds of $89 million under the note purchase agreement were subsequently received in January 2014. At December 31, 2016, $100 million was outstanding.

Long-term debt of $189.5 million at December 31, 2016 includes $1.2 million of unamortized deferred financing costs, which is accounted for as a debt valuation account. Amounts outstanding at December 31, 2016 under the Loan Amendment and Senior Unsecured Notes mature in 2018 and 2021 to 2026, respectively.

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As of December 31, 2016, the Company was in compliance with all of its debt covenants associated with its Loan Amendment and Senior Unsecured Notes. The most restrictive financial covenants for all of the Company's debt are an interest coverage ratio (defined as earnings before interest, taxes, depreciation and amortization, as adjusted, divided by interest expense) and a leverage ratio (defined as total debt divided by earnings before interest, taxes, depreciation and amortization, as adjusted). The ratios as of December 31, 2016 are shown in the following table:

	Required Level	Actual Level
Interest Coverage Ratio	3.00 to 1 (minimum)	8.30
Leverage Ratio	3.25 to 1 (maximum)	2.88

12. Income Taxes

The effective tax rate from continuing operations was 80.9% in 2016, 35.7% in 2015 and 36.4% in 2014. A reconciliation of the Federal statutory income tax rate to the Company's effective tax rate is as follows:

	Percent of Income before Income Taxes		
	2016	2015	2014
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State income taxes - net of Federal tax benefit	7.0	0.2	(4.5)
Foreign tax rate differential	(0.7)	(2.4)	1.8
Domestic production deduction	(7.6)	(4.0)	(6.6)
Non-deductible expenses	6.5	4.9	7.0
Asset impairment	26.0	—	—
Changes in unrecognized tax benefits	(1.9)	(1.8)	(2.5)
Foreign tax incentives	(5.0)	(2.3)	(3.0)
Valuation allowances	23.0	4.8	9.0
Other	(1.4)	1.3	0.2
Effective tax rate for the year	80.9%	35.7%	36.4%

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

	2016	2015	2014
United States	$17,010	$19,546	$21,074
Foreign	(9,015)	2,316	(6,991)
Totals	$7,995	$21,862	$14,083

Income tax expense (benefit) from continuing operations consisted of the following:

	2016		2015		2014	
	Current	Deferred	Current	Deferred	Current	Deferred
Federal	$5,684	$ (413)	$6,677	$ (368)	$8,298	$(1,208)
Foreign	388	(57)	504	783	(277)	(710)
State and local	641	227	943	(730)	(234)	(747)
	$6,713	$ (243)	$8,124	$ (315)	$7,787	$(2,665)

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Significant components of the Company’s deferred taxes as of December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred income tax liabilities		
Property, plant and equipment	$11,235	$12,989
Tax-deductible goodwill	9,519	7,871
Non-deductible intangibles	—	282
State deferred taxes	360	212
Other	911	1,010
	22,025	22,364
Deferred income tax assets		
Compensation	5,686	7,081
Inventory valuation	861	945
Allowance for uncollectible accounts	510	194
Non-deductible accruals	3,562	3,892
Non-deductible intangibles	1,165	—
Net operating loss carryforwards	5,989	4,715
	17,773	16,827
Valuation Allowance	(6,114)	(3,664)
	11,659	13,163
Net deferred income tax liability	$10,366	$9,201

ASC 740, 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. At December 31, 2016, the Company has a deferred tax asset of $6.0 million resulting from $17.6 million of foreign net operating tax loss carryforwards, and a $6.1 million valuation allowance related to Brazil. The full valuation allowance as of December 31, 2016 is due to the cumulative loss position of the Brazilian businesses. Brazilian net operating tax loss carryforwards have no expiration and are carried forward indefinitely.

The following table summarizes the activity related to the Company’s valuation allowance:

	2016	2015	2014
Balance at January 1	$(3,664)	$(4,326)	$(4,264)
(Charged) Credited to Expense	(1,655)	(763)	414
Net write-offs	—	—	—
Foreign currency translation adjustment	(795)	1,425	(476)

Balance at December 31	$(6,114)	$(3,664)	$(4,326)

No provision has been recorded for unremitted earnings of foreign subsidiaries as it is the Company's intention to indefinitely reinvest the earnings of those subsidiaries. Accordingly, at December 31, 2016, the Company had not recorded a deferred tax liability related to investments in its foreign subsidiaries that are essentially permanent in duration. The amount of such temporary differences was estimated to be approximately $18.6 million and may become taxable in the U.S. upon a repatriation of assets or a sale or liquidation of the subsidiaries. It is not practical to estimate the related amount of unrecognized tax liability.

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

	2016	2015	2014
Balance at January 1	$151	$483	$840
Increases related to previous year tax positions	478	151	5
Reductions due to lapse of applicable statute of limitations	(151)	(483)	(362)
Reduction due to settlements	—	—	—
Balance at December 31	$478	$151	$483

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

The total amount of gross unrecognized tax benefits that would reduce the Company's effective tax rate was $0.5 million, $0.2 million and $0.5 million at December 31, 2016, 2015 and 2014, respectively. The amount of accrued interest expense included as a liability within the Company's Consolidated Statements of Financial Position was less than $0.1 million for December 31, 2016 and 2015. The Company expects the amount of unrecognized tax benefits will change within the next twelve months. It is reasonably possible the company will recognize unrecognized tax benefits within the next twelve months in the range of zero to $0.5 million resulting from the possible expiration of certain statutes of limitation.

The Company and its subsidiaries file U.S. Federal, state and local, and non-U.S. income tax returns. As of December 31, 2016, the Company is no longer subject to U.S. Federal examinations by tax authorities for tax years before 2012. The Company is subject to state and local examinations for tax years of 2012 through 2016. In addition, the Company is subject to non-U.S. income tax examinations for tax years of 2011 through 2016.

13. Retirement Plans

The Company and certain of its subsidiaries have pension and profit sharing plans covering substantially all of their employees. The Company's frozen defined benefit pension plan ("The Pension Agreement between Akro-Mils and United Steelworkers of America Local No. 1761-02") provides benefits primarily based upon a fixed amount for each year of service as of the date the plan was frozen.

Net periodic pension cost (benefit) for the years ended December 31, 2016, 2015 and 2014 was as follows:

	For the Year Ended December 31,		
	2016	2015	2014
Interest cost	$270	$272	$280
Expected return on assets	(319)	(332)	(371)
Amortization of net loss	82	88	45
Net periodic pension cost (benefit)	$33	$28	$(46)

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

	2016	2015
Projected benefit obligation at beginning of year	$6,465	$7,167
Interest cost	270	272
Actuarial (gain) loss	238	(496)
Expenses paid	(92)	(89)
Benefits paid	(378)	(389)
Projected benefit obligation at end of year	$6,503	$6,465
Accumulated benefit obligation at end of year	$6,503	$6,465

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

	2016	2015	2014
Discount rate for net periodic pension cost	4.30 %	3.90 %	4.70 %
Discount rate for benefit obligations	4.00 %	4.30 %	3.90 %
Expected long-term return of plan assets	7.75 %	7.50 %	8.00 %

The expected long-term rate of return assumption is based on the actual historical rate of return on assets adjusted to reflect recent market conditions and future expectations consistent with the Company's current asset allocation and investment policy. This policy provides for aggressive capital growth balanced with moderate income production. Though inherent risks of equity exposure exist, returns generally are less volatile than maximum growth programs. The assumed discount rates represent long-term high quality corporate bond rates commensurate with the liability duration of the plan.

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

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

	2016	2015
Fair value of plan assets at beginning of year	$5,443	$5,713
Actual return on plan assets	210	60
Company contributions	—	148
Expenses paid	(92)	(89)
Benefits paid	(378)	(389)
Fair value of plan assets at end of year	$5,183	$5,443

The fair value of plan assets are all categorized as level 1 and were determined based on period end closing, quoted prices in active markets.

The weighted average asset allocations at December 31, 2016 and 2015 are as follows:

	2016	2015
U.S. Equities securities	72 %	83 %
U.S. Debt securities	24 %	15 %
Cash	4 %	2 %
Total	100 %	100 %

The following table provides a reconciliation of the funded status of the plan at December 31, 2016 and 2015:

	2016	2015
Projected benefit obligation	$6,503	$6,465
Plan assets at fair value	5,183	5,443
Funded status	$(1,320)	$(1,022)

The funded status shown above is included in other long-term liabilities in the Company's Consolidated Statements of Financial Position at December 31, 2016 and 2015. The Company doesn't expect to make a contribution to the plan in 2017.

Benefit payments projected for the plan are as follows:

2017	$377
2018	369
2019	375
2020	379
2021	379
2022-2026	1,901

The Myers Industries Profit Sharing and 401(k) Plan is maintained for the Company’s U.S. based employees, not covered under defined benefit plans, who have met eligibility service requirements. The Company recognized expense related to the 401(k) employer matching contribution in the amount of $2,324, $2,363 and $3,018 in 2016, 2015 and 2014, respectively.

In addition, the Company has a Supplemental Executive Retirement Plan (“SERP”) to provide certain participating senior executives with retirement benefits in addition to amounts payable under the 401(k) plan. Expense related to the SERP was approximately $192, $188 and $402 for the years ended December 2016, 2015 and 2014, respectively. The SERP liability was based on the discounted present value of expected future benefit payments using a discount rate of 4.0% at December 31, 2016 and 4.3% at December 31, 2015. The SERP liability was approximately $3,319 and $4,174 at December 31, 2016 and 2015, respectively, and is included in Accrued Employee Compensation and Other Long-Term Liabilities on the accompanying Consolidated Statements of Financial Position. The SERP is unfunded.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

14. 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 $3,857, $4,222 and $4,708 for the years ended December 31, 2016, 2015 and 2014, respectively.

Future minimum rental commitments are as follows:

Year Ended December 31,	Commitment
2017	$ 2,797
2018	1,434
2019	828
2020	574
2021	476
Thereafter	868
Total	$ 6,977

15. Industry Segments

Using the criteria of ASC 280, Segment Reporting, the Company manages its business under two operating segments, Material Handling and Distribution, consistent with the manner in which our Chief Operating Decision Maker evaluates performance and makes resource allocation decisions. None of the reportable segments include operating segments that have been aggregated. These segments contain individual business components that have been combined on the basis of common management, customers, products, production processes and other economic characteristics. The Company accounts for intersegment sales and transfers at cost plus a specified mark-up.

The Material Handling Segment manufactures a broad selection of plastic reusable containers, pallets, small parts bins, bulk shipping containers, storage and organization products and rotationally-molded plastic tanks for water, fuel and waste handling. This segment conducts its primary operations in the United States, but also operates in Brazil and Canada. Markets served encompass various niches of industrial manufacturing, food processing, retail/wholesale products distribution, agriculture, automotive, recreational vehicles, marine vehicles, healthcare, appliance, bakery, electronics, textiles, consumer, and others. Products are sold both directly to end-users and through distributors.

The Distribution Segment is engaged in the distribution of equipment, tools, and supplies used for tire servicing and automotive undervehicle repair and the manufacture of tire repair and retreading products. 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 sales offices, and four regional distribution centers in the United States and in foreign countries through export sales.

In addition, the Distribution Segment operates directly in certain foreign markets, principally Central America, through foreign branch operations. 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 $87.8 million, $105.6 million, and $110.4 million for the years ended December 31, 2016, 2015 and 2014, respectively. Sales made to customers in Brazil accounted for approximately 3.9% of total net sales in 2016, 4.7% in 2015 and 7.3% in 2014. Sales made to customers in Canada accounted for approximately 4.4% of total net sales in 2016, 5.2% in 2015 and 4.2% in 2014. There are no other individual foreign countries for which sales are material. Long-lived assets in foreign countries, consisting of property, plant and equipment, were approximately $27.6 million at December 31, 2016 and $33.2 million at December 31, 2015.

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MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

	2016	2015	2014
Net Sales			
Material Handling	$387,513	$414,030	$432,054
Distribution	170,660	187,637	191,873
Inter-company sales	(111)	(129)	(278)
Total net sales	$558,062	$601,538	$623,649
Income from continuing operations before income taxes			
Material Handling	$29,583	$49,762	$31,903
Distribution	12,834	16,114	16,024
Corporate	(26,249)	(35,015)	(25,309)
Total operating income	16,168	30,861	22,618
Interest expense, net	(8,173)	(8,999)	(8,535)
Income from continuing operations before income taxes	$7,995	$21,862	$14,083
Identifiable Assets			
Material Handling	$289,341	$335,506	$370,501
Distribution	56,072	58,772	57,523
Corporate	36,271	34,513	17,634
Discontinued Operations	—	—	117,775
Total identifiable assets	$381,684	$428,791	$563,433
Capital Additions, Net			
Material Handling	$10,967	$21,422	$22,197
Distribution	1,424	1,795	1,786
Corporate	132	510	187
Total capital additions, net	$12,523	$23,727	$24,170
Depreciation and Amortization			
Material Handling	$31,943	$32,667	$29,013
Distribution	1,221	998	1,022
Corporate	1,301	1,314	1,137
Total depreciation and amortization	$34,465	$34,979	$31,172

16. Subsequent Events (Unaudited)

In March 2017, the Company entered into a Fifth Amended and Restated Loan Agreement (the “Loan Agreement”). The Loan Agreement replaces the existing $300 million Loan Amendment with a $200 million senior revolving credit facility and extends the term from December 2018 to March 2022. In addition, the Loan Agreement provides for a maximum Leverage Ratio of 3.75 for the first and second quarters of 2017, stepping down to 3.5 in the third quarter of 2017, and 3.25 thereafter.

On March 9, 2017, the Company announced a restructuring plan (the “Plan”) to improve the Company’s organizational structure and operational efficiency. In connection with the Plan, the Company expects to record a restructuring charge of approximately $10 million in 2017 related to machine transfer and installation costs, facility shutdown costs, asset impairment costs and employee reduction expenses. The Company expects to save approximately $10 million on an annualized basis once the project is completed. Actions under the Plan are expected to be substantially completed by the end of 2017. The actual timing and costs of the Plan may differ materially from the Company’s current expectations and estimates.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - (Continued)

(Dollar amounts in thousands, except where otherwise indicated)

17. Summarized Quarterly Results of Operations (Unaudited)

Thousands of Dollars, Except Per Share Data

Quarter Ended 2016	March-31	June-30	September-30	December-31	Total
Net Sales	$151,205	$144,117	$ 132,676	$ 130,064	$558,062
Gross Profit	48,171	44,536	35,918	36,015	164,640
Income (loss) from continuing operations[1] [2]	(3,336)	5,684	424	(1,247)	1,525
Income (loss) from discontinued operations, net	(57)	(190)	(10)	(211)	(468)
Net income (loss)[1][2]	(3,393)	5,494	414	(1,458)	1,057
Income (loss) per common share from continuing operations:					
Basic*	$(0.11)	$0.19	$ 0.01	$ (0.04)	$0.05
Diluted*	$(0.11)	$0.19	$ 0.01	$ (0.04)	$0.05
Income (loss) per common share from discontinued operations:					
Basic*	$(0.00)	$(0.01)	$ (0.00)	$ (0.01)	$(0.02)
Diluted*	$(0.00)	$(0.01)	$ (0.00)	$ (0.01)	$(0.02)
Net income (loss) per share:					
Basic*	$(0.11)	$0.19	$ 0.01	$ (0.05)	$0.03
Diluted*	$(0.11)	$0.18	$ 0.01	$ (0.05)	$0.03

Quarter Ended 2015	March-31	June-30	September-30	December-31	Total
Net Sales	$156,348	$164,335	$ 141,661	$ 139,194	$601,538
Gross Profit	45,757	50,581	41,686	40,254	178,278
Income (loss) from continuing operations[3]	2,622	10,925	631	(125)	14,053
Income (loss) from discontinued operations, net[4]	2,617	494	(298)	896	3,709
Net income[3][4]	5,239	11,419	333	771	17,762
Income (loss) per common share from continuing operations:					
Basic*	$0.08	$0.35	$ 0.02	$ —	$0.46
Diluted*	$0.08	$0.35	$ 0.02	$ —	$0.45
Income (loss) per common share from discontinued operations:					
Basic*	$0.08	$0.02	$ (0.01)	$ 0.03	$0.12
Diluted*	$0.08	$0.02	$ (0.01)	$ 0.03	$0.12
Net income per share:					
Basic*	$0.16	$0.37	$ 0.01	$ 0.03	$0.58
Diluted*	$0.16	$0.37	$ 0.01	$ 0.03	$0.57

(1) During the quarter ended March 31, 2016, the Company concluded that the goodwill, intangibles and other long-lived assets related to Novel were impaired and recorded an impairment charge of $8.5 million.
(2) During the quarter ended June 30, 2016, the Company recorded impairment charges of $1.3 million primarily related to long-lived assets associated with the exit of a non-strategic product line in the Material Handling Segment.
(3) During the quarter ended September 30, 2015, the Company recorded an out of period adjustment of $1.1 million ($0.7 million after tax) related to stock compensation expense.
(4) A gain on the sale of the Lawn and Garden business of $3.8 million was recognized during the first quarter of 2015 and an additional gain of $0.9 million was recognized in the fourth quarter of 2015. These gains are included in income from discontinued operations in the accompanying Consolidated Statements of Operations.

* The sum of the earnings per share for the four quarters in a year does not necessarily equal the total year earnings per share due to the computation of weighted shares outstanding during the period.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. 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-15(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.

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 as of December 31, 2016.

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

Changes in Internal Control Over Financial Reporting

As previously disclosed under Item 9A - Controls and Procedures on Form 10-K for the year ended December 31, 2015, management identified deficiencies in the operating effectiveness of the Company's internal control over financial reporting over the valuation of inventory in the Material Handling segment, which when aggregated, represented a material weakness. Specifically, management review controls, including segment monitoring controls over the LIFO reserve calculation and capitalization of variances into inventory, were not performed at an appropriate level of precision and as a result, failed to detect errors in the valuation of inventory in 2015. As a result of these deficiencies, the Company was required to record adjustments to its 2015 consolidated financial statements. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of this material weakness, management concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2015.

The Company has taken actions during 2016 to address the underlying causes of this control weakness over the valuation of inventory in the Material Handling segment, including: improving processes, enhancing management's review controls to an appropriate level of precision and supplementing the technical competence of our accounting staff with additional training and resources.

There have been no changes, other than the above noted remediation of control deficiencies, in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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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 (2013 framework). Based on this assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2016.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2016 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report included herein.

R. David Banyard	Matteo Anversa
President and	Executive Vice President,
Chief Executive Officer	Chief Financial Officer and Corporate Secretary

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of

Myers Industries, Inc. and Subsidiaries

We have audited Myers Industries, Inc. and Subsidiaries internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Myers Industries, Inc. and Subsidiaries' 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, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and 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, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Myers Industries, Inc. and Subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended December 31, 2016 of Myers Industries, Inc. and Subsidiaries and our report dated March 9, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Akron, Ohio

March 9, 2017

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ITEM 9B. Other Information.
None.

PART III

ITEM 10. Directors and Executive Officers of the Registrant
For information about the directors of the Company, see the sections titled “Proposal No. 1 – Election of Directors”, “Nominees”, “Corporate Governance and Compensation Guidelines”, “Corporate Governance and Compensation Practices”, “Board and Committee Independence”, “Board Committees and Meetings”, “Committee Charters and Policies”, “Shareholder Nominating Process” 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 26, 2017 (“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, Jane Scaccetti, F. Jack Liebau, Jr. and Daniel R. Lee as “Audit Committee Financial Experts”.

Information about the Executive Officers of Registrant 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 and Compensation Guidelines” 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”, "Compensation Committee Report on Executive Compensation”, “Risk Assessment of Compensation Practices”, “Corporate Governance and Compensation Guidelines”, “Corporate Governance and Compensation Policies” and “Board Role in Risk Oversight” of the Proxy Statement, which are incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
See the sections titled "Security Ownership of Certain Beneficial Owners and Management," and "Proposal No. 1 - Election of Directors" 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 and Rights		(B) Weighted-average Exercise Price of Outstanding Options, Warrants and 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	1,515,240	(1)	$ 14.50	(2)	1,303,353
Equity Compensation Plans Not Approved by Security Holders	–0–		–0–		–0–
Total	1,515,240				1,303,353

(1) This information is as of December 31, 2016 and includes outstanding stock option and restricted share awards granted under the 2008 Incentive Stock Plan and 1999 Incentive Stock Plan.
(2) Represents the weighted average exercise price of outstanding stock options and does not take into account outstanding restricted share awards, which do not have an exercise price.

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ITEM 13. Certain Relationships and Related Transactions, and Director Independence

See the sections titled “Policies and Procedures with Respect to Related Party Transactions” and “Corporate Governance and Compensation Guidelines”, “ Corporate Governance and Compensation Practices” and “Board and Committee Independence” of the Proxy Statement, which are incorporated herein by reference.

ITEM 14. Principal Accounting Fees and Services

Required information regarding fees paid to and services provided by the Company’s independent registered public accounting firm and the pre-approval 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.

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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
- Consolidated Statements of Operations For The Years Ended December 31, 2016, 2015 and 2014
- Consolidated Statements of Comprehensive Income (Loss) For the Years Ended December 31, 2016, 2015 and 2014
- Consolidated Statements of Financial Position As of December 31, 2016 and 2015
- Consolidated Statements of Shareholders' Equity For The Years Ended December 31, 2016, 2015 and 2014
- Consolidated Statements of Cash Flows For The Years Ended December 31, 2016, 2015 and 2014
- Notes to Consolidated Financial Statements For The Years Ended December 31, 2016, 2015 and 2014

15. (A)(2) Financial Statement Schedules
All 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.(A)(3) Exhibits
EXHIBIT INDEX

2(a)	Asset Purchase Agreement, dated as of May 30, 2014, among Scepter Corporation, SHI Properties Inc., CA Acquisition Inc., and Myers Industries, Inc. Reference is made to Exhibit 2.1 to Form 8-K filed with the Commission on July 7, 2014.**
2(b)	Unit Purchase Agreement, dated as of May 30, 2014, among Eco One Holdings, Inc., Crown US Acquisition Company, and Myers Industries, Inc. Reference is made to Exhibit 2.2 to Form 8-K filed with the Commission on July 7, 2014.**
2(c)	Indemnification Agreement, dated as of May 30, 2014 among Scepter Corporation, SHI Properties Inc., Eco One Holdings, Inc., Crown US Acquisition Company, and CA Acquisition Inc. Reference is made to Exhibit 2.3 to Form 8-K filed with the Commission on July 7, 2014.**
2(d)	First Amendment to the Asset Purchase Agreement, Unit Purchase Agreement and Indemnification Agreement, dated as of July 2, 2014, among Scepter Corporation, SHI Properties Inc., CA Acquisition Inc., Eco One Holdings, Inc., Crown US Acquisition Company, and Myers Industries, Inc. Reference is made to Exhibit 2.4 to Form 8-K filed with the Commission on July 7, 2014.**
2(e)	Amended and Restated Asset Purchase Agreement, dated as of February 17, 2015, among Myers Industries, Inc., MYE Canada Operations, Inc., and the HC Companies, Inc. Reference is made to Exhibit 2.1 to Form 8-K filed with the Commission on February 18, 2015.**
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 3.1 to Form 8-K filed with the Commission on April 12, 2013.
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 10.1 to Form 10-Q filed with the Commission on May 1, 2009.
10(c)	Myers Industries, Inc. Amended and Restated Dividend Reinvestment and Stock Purchase Plan. Reference is made to Exhibit 99 to Post-Effective Amendment No. 2 to Form S-3 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)	Amendment to the Myers Industries, Inc. Executive Supplemental Retirement Plan, effective August 12, 2015. Reference is made to the Exhibit 10.1 to Form 8-K filed with the Commission on August 14, 2015.*
10(g)	Severance Agreement between Myers Industries, Inc. and Gregg Branning dated September 1, 2012. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on September 4, 2012.*
10(h)	Severance Agreement between Myers Industries, Inc. and John C. Orr effective June 1, 2011. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on March 7, 2011.*
10(i)	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(j)	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(k)	Third Amendment to the Myers Industries, Inc. Executive Supplemental Retirement Plan (John C. Orr) effective June 1, 2011. Reference is made to Exhibit 10.2 to Form 8-K filed with the Commission on March 7, 2011.*

10(l)	Non-Competition and Confidentiality Agreement between Myers Industries, Inc. and Gregg Branning dated September 1, 2012. Reference is made to Exhibit 10(s) to Form 10-Q filed with the Commission on May 1, 2013.*
10(m)	Performance Bonus Plan of Myers Industries, Inc. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on April 30, 2013.*
10(n)	Note Purchase Agreement between Myers Industries, Inc. and the Note Purchasers, dated October 22, 2013, regarding the issuance of $40,000,000 of 4.67% Series A Senior Notes due January 15, 2021, $11,000,000 of 5.25% Series B Senior Notes due January 15, 2024, $29,000,000 of 5.30% Series C Senior Notes due January 15, 2024, and $20,000,000 of 5.45% Series D Senior Notes due January 15, 2026. Reference is made to Exhibit 4.1 to Form 8-K filed with the Commission on October 24, 2013.
10(o)	First Amendment to the Note Purchase Agreement between Myers Industries, Inc. and the Note Purchasers, regarding the issuance of $40,000,000 of 4.67% Series A Senior Notes due January 15, 2021, $11,000,000 of 5.25% Series B Senior Notes due January 15, 2024, $29,000,000 of 5.30% Series C Senior Notes due January 15, 2024, and $20,000,000 of 5.45% Series D Senior Notes due January 15, 2026, dated July 21, 2015. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on July 23, 2015.

10(p)	Fourth Amended and Restated Loan Agreement among Myers Industries, Inc., MYE Canada Operations, Inc., the lenders party thereto, and JPMorgan Chase Bank, National Association, as Agent, dated December 13, 2013. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on December 17, 2013.
10(q)	First Amendment to Fourth Amended and Restated Loan Agreement among Myers Industries, Inc., the foreign subsidiary borrowers, the lenders party thereto, and JPMorgan Chase Bank, National Association, as Agent, dated May 30, 2014. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on June 4, 2014.
10(r)	Amended and Restated 2008 Incentive Stock Plan of the Company, effective as of March 5, 2015. Reference is made to the Exhibit 10.1 to Form 8-K filed with the Commission on April 30, 2015.*
10(s)	Second Amendment to Fourth Amended and Restated Loan Agreement among Myers Industries, Inc., the foreign subsidiary borrowers, the lenders party thereto, and JPMorgan Chase Bank, National Association, as Agent, dated May 19, 2015. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on May 26, 2015
10(t)	Severance Agreement between the Company and R. David Banyard, entered into as of December 7, 2015. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on December 8, 2015.*
10(u)	Non-Competition and Confidentiality Agreement between Myers Industries, Inc. and R. David Banyard dated December 7, 2015. Reference is made to Exhibit 10(u) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(v)	Form of Stock Unit Award Agreement under the Amended and Restated 2008 Incentive Stock Plan for Named Executive Officers. Reference is made to Exhibit 10(v) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(w)	Form of Stock Unit Award Agreement under the Amended and Restated 2008 Incentive Stock Plan for Eligible Employees. Reference is made to Exhibit 10(w) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(x)	Form of Stock Unit Award Agreement under the Amended and Restated 2008 Incentive Stock Plan for Director Awards. Reference is made to Exhibit 10(x) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(y)	Form of Option Award Agreement under the Amended and Restated 2008 Incentive Stock Plan for Named Executive Officers. Reference is made to Exhibit 10(y) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(z)	Form of Option Award Agreement under the Amended and Restated 2008 Incentive Stock Plan for Eligible Employees. Reference is made to Exhibit 10(z) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(aa)	Form of Long Term Cash Award Agreement under the Performance Bonus Plan. Reference is made to Exhibit 10(aa) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(ab)	Stock Unit Award Agreement (three-year vest period) under the Amended and Restated 2008 Incentive Stock Plan for R. David Banyard dated December 7, 2015. Reference is made to Exhibit 10(ab) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(ac)	Stock Unit Award Agreement (two-year vest period) under the Amended and Restated 2008 Incentive Stock Plan for R. David Banyard dated December 7, 2015. Reference is made to Exhibit 10(ac) to the Annual Report on Form 10-K filed with the Commission on March 14, 2016.*
10(ad)	Severance Agreement between the Company and Matteo Anversa, entered into as of October 17, 2016. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on October 19, 2016.*
10(ae)	Form of Performance-based Stock Unit Award Agreement (three-year vest period) under the Amended and Restated 2008 Incentive Stock Plan for R. David Banyard. Reference is made to Exhibit 10(a) to Form 10-Q filed with the Commission on May 2, 2016.*
10(af)	Form of Performance-based Stock Unit Award Agreement (three-year vest period) under the Amended and Restated 2008 Incentive Stock Plan for R. David Banyard. Reference is made to Exhibit 10(b) to Form 10-Q filed with the Commission on May 2, 2016.*

10(ag)	Form of Performance Stock Unit Award Agreement.* (filed herewith)
10(ah)	Fifth Amended and Restated Loan Agreement, dated March 8, 2017, among Myers Industries, Inc., MYE Canada Operations Inc., Scepter Canada Inc. and the other foreign subsidiary borrowers, the lenders and JPMorgan Chase Bank, National Association, as administrative agent. Reference is made to Exhibit 10.1 to Form 8-K filed with the Commission on March 9, 2017.
10(ai)	Second Amendment to the Note Purchase Agreement among the Subsidiary Guarantors identified therein and each of the institutions which is a signatory thereto, dated March 8, 2017. Reference is made to Exhibit 10.2 to Form 8-K filed with the Commission on March 9, 2017.
14	Myers Industries, Inc. Code of Ethics and Business Conduct. Reference is made to Exhibit 14 to Form 8-K filed with the Commission on March 6, 2016.
21	List of Direct and Indirect Subsidiaries, and Operating Divisions, of Myers Industries, Inc.
23	Consent of Independent Registered Public Accounting Firm.
31(a)	Certification of R. David Banyard, President and Chief Executive Officer of Myers Industries, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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31(b)	Certification of Matteo Anversa, Executive Vice President, Chief Financial Officer and Corporate Secretary of Myers Industries, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of R. David Banyard, President and Chief Executive Officer, and Matteo Anversa, Executive Vice President, Chief Financial Officer and Corporate Secretary, of Myers Industries, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Myers Industries, Inc. Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL includes: (i) Consolidated Statements of Financial Position (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statement of Shareholders' Equity, and (vi) the Notes to Consolidated Financial Statements.

* 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.

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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/ Matteo Anversa
Matteo Anversa
Executive 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.

SIGNATURE	TITLE	DATE
/s/ R. David Banyard R. DAVID BANYARD	President, Chief Executive Officer and Director (Principal Executive Officer)	March 9, 2017
/s/ Matteo Anversa MATTEO ANVERSA	Executive Vice President, Chief Financial Officer and Corporate Secretary (Principal Financial Officer)	March 9, 2017
/s/ Kevin L. Brackman KEVIN L. BRACKMAN	Vice President, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)	March 9, 2017
/s/ Sarah R. Coffin SARAH R. COFFIN	Director	March 9, 2017
/s/ John B. Crowe JOHN B. CROWE	Director	March 9, 2017
/s/ William A. Foley	Director	

WILLIAM A. FOLEY		March 9, 2017
/s/ Daniel R. Lee DANIEL R. LEE	Director	March 9, 2017
/s/ F. Jack Liebau, Jr. F. JACK LIEBAU, JR.	Director	March 9, 2017
/s/ Bruce M. Lisman BRUCE M. LISMAN	Director	March 9, 2017
/s/ Jane Scaccetti JANE SCACCETTI	Director	March 9, 2017
/s/ Robert A. Stefanko ROBERT A. STEFANKO	Director	March 9, 2017

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