

MILLER INDUSTRIES INC /TN/
Form 10-K
March 14, 2007

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2006

OR

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

For the transition period from _____ to _____

Commission File No. 0-24298

MILLER INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction of incorporation or organization)

62-1566286

(I.R.S. Employer Identification No.)

8503 Hilltop Drive, Ooltewah, Tennessee

(Address of principal executive offices)

37363

(Zip Code)

(423) 238-4171

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|--|
| Common Stock, par value \$.01 per share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:

None

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(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant (which for purposes hereof are all holders other than executive officers and directors) as of June 30, 2006 (the last business day of the registrant’s most recently completed second fiscal quarter) was \$198,050,148 (based on 9,567,640 shares held by non-affiliates at \$20.70 per share, the last sale price reported on the New York Stock Exchange on June 30, 2006).

At March 9, 2007 there were 11,516,014 shares of the registrant’s common stock, par value \$0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III (Items 10, 11, 12, 13 and 14) is incorporated herein by reference to the Registrant’s definitive proxy statement for its 2007 Annual Meeting of Shareholders which is to be filed pursuant to Regulation 14A.

TABLE OF CONTENTS

PART I

| | | |
|-----------------|--|----|
| <u>ITEM 1.</u> | <u>BUSINESS</u> | 1 |
| <u>ITEM 1A.</u> | <u>RISK FACTORS</u> | 7 |
| <u>ITEM 1B.</u> | <u>UNRESOLVED STAFF COMMENTS</u> | 10 |
| <u>ITEM 2.</u> | <u>PROPERTIES</u> | 11 |
| <u>ITEM 3.</u> | <u>LEGAL PROCEEDINGS</u> | 11 |
| <u>ITEM 4.</u> | <u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u> | 11 |

PART II

| | | |
|-----------------|---|----|
| <u>ITEM 5.</u> | <u>MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u> | 12 |
| <u>ITEM 6.</u> | <u>SELECTED FINANCIAL DATA</u> | 14 |
| <u>ITEM 7.</u> | <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u> | 16 |
| <u>ITEM 7A.</u> | <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u> | 24 |
| <u>ITEM 8.</u> | <u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u> | 25 |
| <u>ITEM 9.</u> | <u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u> | 25 |
| <u>ITEM 9A.</u> | <u>CONTROLS AND PROCEDURES</u> | 25 |
| <u>ITEM 9B.</u> | <u>OTHER INFORMATION</u> | 27 |

PART III

| | | |
|-----------------|---|----|
| <u>ITEM 10.</u> | <u>DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT</u> | 28 |
| <u>ITEM 11.</u> | <u>EXECUTIVE COMPENSATION</u> | 28 |
| <u>ITEM 12.</u> | <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u> | 28 |
| <u>ITEM 13.</u> | <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u> | 28 |
| <u>ITEM 14.</u> | <u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u> | 28 |

PART IV

| | | |
|-------------------------------------|---|-----|
| <u>ITEM 15.</u> | <u>EXHIBITS AND FINANCIAL STATEMENT SCHEDULES</u> | 29 |
| <u>FINANCIAL STATEMENTS</u> | | F-1 |
| <u>FINANCIAL STATEMENT SCHEDULE</u> | | S-1 |

CERTAIN FACTORS AFFECTING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report, including but not limited to Item 7-“Management’s Discussion and Analysis of Financial Condition and Results of Operations,” may be deemed to be forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words such as “may,” “will,” “should,” “could,” “continue,” “future,” “potential,” “believe,” “project,” “plan,” “intend,” “seek,” “esti-
“expect,” “anticipate” and similar expressions, or the negative of such terms, or other comparable terminology.

Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements. Such forward-looking statements are made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 based on our management’s belief as well as assumptions made by, and information currently available to, our management. Our actual results may differ materially from the results anticipated in these forward-looking statements due to, among other things, the factors set forth below under the caption “Risk Factors” and those otherwise described from time to time in our Securities and Exchange Commission reports filed after this Annual Report. Such factors are not exclusive. We do not undertake to update any forward-looking statement that may be made from time to time by, or on behalf of, our company.

PART I

ITEM 1. BUSINESS

General

Miller Industries is the world's largest manufacturer of vehicle towing and recovery equipment, with executive offices in Ooltewah, Tennessee, domestic manufacturing operations in Tennessee and Pennsylvania, and foreign manufacturing operations in France and the United Kingdom.

Since 1990, we have developed or acquired several of the most well-recognized brands in the towing and recovery equipment manufacturing industry. Our strategy has been to diversify our line of products and increase our presence in the industry by combining internal growth and development with acquisitions of complementary businesses.

In this Annual Report on Form 10-K, the words "Miller Industries," "the Company," "we," "our," "ours," and "us" refer to Miller Industries, Inc., and its subsidiaries.

Towing and Recovery Equipment

We offer a broad range of towing and recovery equipment products that meet most customer design, capacity and cost requirements. We manufacture the bodies of wreckers and car carriers, which are installed on truck chassis manufactured by third parties. We frequently purchase the truck chassis for resale to our customers. Wreckers generally are used to recover and tow disabled vehicles and other equipment and range in type from the conventional tow truck to large recovery vehicles with rotating hydraulic booms and 75-ton lifting capacities. Car carriers are specialized flat bed vehicles with hydraulic tilt mechanisms that enable a towing operator to drive or winch a vehicle onto the bed for transport. Car carriers transport new or disabled vehicles and other equipment and are particularly effective over longer distances.

Our products primarily are sold through independent distributors that serve all 50 states, Canada and Mexico, and other foreign markets including Europe, the Pacific Rim and the Middle East. Additionally, as a result of our ownership of Jige in France and Boniface in the United Kingdom, we have substantial distribution capabilities in Europe. While most of our distributor agreements do not contain exclusivity provisions, management believes that approximately 65% of our independent distributors sell our products on an exclusive basis. In addition to selling our products to towing operators, our independent distributors provide parts and service. We also utilize sales representatives to exclusively market our products and provide expertise and sales assistance to our independent distributors. Management believes the strength of our distribution network and the breadth of our product offerings are two key advantages over our competitors.

Product Lines

We manufacture a broad line of wrecker, car carrier and trailer bodies to meet a full range of customer design, capacity and cost requirements.

Wreckers. Wreckers are generally used to recover and tow disabled vehicles and other equipment and range in type from the conventional tow truck to large recovery vehicles with 75-ton lifting capacities. Wreckers are available with specialized features, including underlifts, L-arms and scoops, which lift disabled vehicles by the tires or front axle to minimize front end damage to the towed vehicles. Certain heavy duty wrecker models offer rotating booms, which allow heavy duty wreckers to recover vehicles from any angle, and proprietary remote control devices for operating wreckers. In addition, certain light duty wreckers are equipped with the "Express" automatic wheelift hookup device that allow operators to engage a disabled or unattended vehicle without leaving the cab of the wrecker.

Our wreckers range in capacity from 8 to 75 tons, and are characterized as light duty and heavy duty, with wreckers of 16-ton or greater capacity being classified as heavy duty. Light duty wreckers are used to remove vehicles from accident scenes and vehicles illegally parked, abandoned or disabled, and for general recovery. Heavy duty wreckers are used in commercial towing and recovery applications including overturned tractor trailers, buses, motor homes and other large vehicles.

Car Carriers. Car carriers are specialized flat-bed vehicles with hydraulic tilt mechanisms that enable a towing operator to drive or winch a vehicle onto the bed for transport. Car carriers are used to transport new or disabled vehicles and other equipment and are particularly effective for transporting vehicles or other equipment over longer distances. In addition to transporting vehicles, car carriers may also be used for other purposes, including transportation of industrial equipment. In recent years, professional towing operators have added car carriers to their fleets to complement their towing capabilities.

Transport Trailers. Our multi-vehicle transport trailers are specialized auto transport trailers with upper and lower decks and hydraulic ramps for loading vehicles. These trailers are used for moving multiple vehicles for auto auctions, car dealerships, leasing companies, and other similar applications. These trailers are easy to load with 6 to 7 vehicles, and with the optional cab rack, can haul up to 8 vehicles. The vehicles can be secured to transport quickly with ratchet and chain tie-downs that are mounted throughout the frame of the transport. In recent years, professional towing operators have added auto transport trailers to their fleets to add to their towing capabilities. Also, we have begun to design, engineer and manufacture special-use transport and trailer products to be used primarily in military applications.

Brand Names

We manufacture and market our wreckers, car carriers and trailers under ten separate brand names. Although certain brands overlap in terms of features, prices and distributors, each brand has its own distinctive image and customer base.

Century[®]. The Century brand is our “top-of-the-line” brand and represents what management believes to be the broadest product line in the industry. The Century line was started in 1974 and produces wreckers ranging from 8-ton light duty to 75-ton heavy duty models, and car carriers in lengths from 17½ to 30 feet. Management believes that the Century brand has a reputation as the industry’s leading product innovator.

Vulcan[®]. Our Vulcan product line includes a range of premium light and heavy duty wreckers, car carriers and other towing and recovery equipment. The Vulcan line is sold through its own independent distribution network.

Challenger[®]. Our Challenger products compete with the Century and Vulcan products and constitute a third premium product line. Challenger products consist of light to heavy duty wreckers with capacities ranging from 8 to 70 tons, and car carriers with lengths ranging from 17½ to 21 feet. The Challenger line was started in 1975 and is known for high performance heavy duty wreckers and aesthetic design.

Holmes[®]. Our Holmes product line includes mid-priced wreckers with 8 to 16 ton capacities and car carriers in 17½ to 21 foot lengths. The Holmes wrecker was first produced in 1916. Historically, the Holmes name has been the most well-recognized and leading industry brand both domestically and internationally.

Champion[®]. The Champion brand, which was introduced in 1991, includes car carriers which range in length from 17½ to 21 feet. The Champion product line, which is generally lower-priced, allows us to offer a full line of car carriers at various competitive price points. In 1993, the Champion line was expanded to include a line of economy tow trucks with integrated boom and underlift.

Chevron[™]. Our Chevron product line is comprised primarily of premium car carriers. Chevron produces a range of premium single-car, multi-car and industrial carriers, light duty wreckers and other towing and recovery equipment. The Chevron line is operated autonomously with its own independent distribution network.

Eagle[®]. Our Eagle products consist of light duty wreckers with the “Eagle Claw” hook-up system that allows towing operators to engage a disabled or unattended vehicle without leaving the cab of the tow truck. The “Eagle Claw”

hook-up system was originally developed for the repossession market. Since acquiring Eagle, we have upgraded the quality and features of the Eagle product line and expanded its recovery capability.

2

Titan[®]. Our Titan product line is comprised of premium multi-vehicle transport trailers which can transport up to 8 vehicles depending on configuration.

Jige[™]. Our Jige product line is comprised of a broad line of light and heavy duty wreckers and car carriers marketed primarily in Europe. Jige is a market leader best known for its innovative designs of car carriers and light wreckers necessary to operate within the narrow confines of European cities, as well as large wreckers.

Boniface[™]. Our Boniface product line is comprised primarily of heavy duty wreckers marketed primarily in Europe. Boniface produces a wide range of heavy duty wreckers specializing in the long underlift technology required to tow modern European tour buses.

Product Development and Manufacturing

Our Holmes and Century brand names are associated with four of the major innovations in the industry: the rapid reverse winch; the tow sling; the hydraulic lifting mechanism; and the underlift with parallel linkage and L-arms. Our engineering staff, in consultation with manufacturing personnel, uses computer-aided design and stress analysis systems to test new product designs and to integrate various product improvements. In addition to offering product innovations, we focus on developing or licensing new technology for our products.

We manufacture wreckers, car carriers and trailers at six manufacturing facilities located in the United States, France and the United Kingdom. The manufacturing process for our products consists primarily of cutting and bending sheet steel or aluminum into parts that are welded together to form the wrecker, car carrier body or trailer. Components such as hydraulic cylinders, winches, valves and pumps, which are purchased by us from third-party suppliers, are then attached to the frame to form the completed wrecker or car carrier body. The completed body is either installed by us or shipped by common carrier to a distributor where it is then installed on a truck chassis. Generally, the wrecker or car carrier bodies are painted by us with a primer coat only, so that towing operators can select customized colors to coordinate with chassis colors or fleet colors. To the extent final painting is required before delivery, we contract with independent paint shops for such services.

We purchase raw materials and component parts from a number of sources. Although we have no long-term supply contracts, management believes we have good relationships with our primary suppliers. We have experienced no significant problems in obtaining adequate supplies of raw materials and component parts to meet the requirements of our production schedules. Management believes that the materials used in the production of our products are available at competitive prices from an adequate number of alternative suppliers. Accordingly, management does not believe that the loss of a single supplier would have a material adverse effect on our business.

Sales, Distribution and Marketing of Towing and Recovery Equipment

Independent Distributors and Sales

Management categorizes the towing and recovery market into three general product types: light duty wreckers; heavy duty wreckers; and car carriers. The light duty wrecker market consists primarily of professional wrecker operators, repossession towing services, municipal and federal governmental agencies, and repair shop or salvage company owners. The heavy duty market includes professional wrecker operators serving the needs of commercial vehicle operators. The car carrier market, historically dominated by automobile salvage companies, has expanded to include equipment rental companies that offer delivery service and professional towing operators who desire to complement their existing towing capabilities. Management estimates that there are approximately 30,000 professional towing operators and 80,000 service station, repair shop and salvage operators comprising the overall towing and recovery market.

Our sales force, which services our network of independent distributors, consists of sales representatives whose responsibilities include providing administrative and sales support to the entire base of independent distributors. Sales representatives receive commissions on direct sales based on product type and brand and generally are assigned specific territories in which to promote sales of our products and to maintain customer relationships.

3

We have developed a diverse network of independent distributors, consisting of approximately 120 distributors in North America, who serve all 50 states, Canada and Mexico, and approximately 50 distributors that serve other foreign markets. In 2006, no single distributor accounted for more than 10% of our sales. Management believes our broad and diverse network of distributors provides us with the flexibility to adapt to market changes, lessens our dependence on particular distributors and reduces the impact of regional economic factors.

To support sales and marketing efforts, we produce demonstrator models that are used by our sales representatives and independent distributors. To increase exposure to our products, we also have served as the official recovery team for many automobile racing events, including Daytona, Talladega, Richmond, Chicago, Kansas, California, Michigan and Darlington NASCAR races, Rolex Daytona 24 Hour Race, the Brickyard, and the Indy 500 races, among others.

We routinely respond to requests for proposals or bid invitations in consultation with our local distributors. Our products have been selected by the United States General Services Administration as an approved source for certain federal and defense agencies. We intend to continue to pursue government contracting opportunities.

The towing and recovery equipment industry places heavy marketing emphasis on product exhibitions at national and regional trade shows. In order to focus our marketing efforts and to control marketing costs, we concentrate our efforts on five of the major trade shows each year. We work with our network of independent distributors to concentrate on various regional shows.

Disposition of Company-Owned Distributors

During 2002, our board of directors and management made the decision to sell our distribution group, and by the end of 2005, we had sold all of our towing and recovery distributor locations. All assets, liabilities and results of operations of the distribution group are now presented separately as discontinued operations and all prior period financial information is presented to conform to this treatment.

Product Warranties and Insurance

We offer a 12-month limited manufacturer's product and service warranty on our wrecker and car carrier products. Our warranty generally provides for repair or replacement of failed parts or components. Warranty service is usually performed by us or an authorized distributor. Management believes that we maintain adequate general liability and product liability insurance.

Backlog

We produce virtually all of our products to order. Our backlog is based upon customer purchase orders that we believe are firm. The level of backlog at any particular time, however, is not an appropriate indicator of our future operating performance. Certain purchase orders are subject to cancellation by the customer upon notification. Given our production and delivery schedules management believes that the current average backlog represents less than three months of production.

Competition

The towing and recovery equipment manufacturing industry is highly competitive for sales to distributors and towing operators. Management believes that competition in this industry focuses on product quality and innovation, reputation, technology, customer service, product availability and price. We compete on the basis of each of these criteria, with an emphasis on product quality and innovation and customer service. Management also believes that a manufacturer's relationship with distributors is a key component of success in the industry. Accordingly, we have invested substantial resources and management time in building and maintaining strong relationships with distributors.

Management also believes that our products are regarded as high quality within their particular price points. Our marketing strategy is to continue to compete primarily on the basis of quality and reputation rather than solely on the basis of price, and to continue to target the growing group of professional towing operators who as end-users recognize the quality of our products.

4

Traditionally, the capital requirements for entry into the towing and recovery manufacturing industry have been relatively low. Management believes a manufacturer's capital resources and access to technological improvements have become a more integral component of success in recent years. Certain of our competitors may have greater financial and other resources and may provide more attractive dealer and retail customer financing alternatives than we do.

Towing Services - RoadOne

In 1997 we formed RoadOne, Inc. to build a national towing services network. However, in 2002 we made the decision to sell our towing services operations. As of December 31, 2003, all of the towing services operations had either been sold or closed, and as of December 31, 2006, there were no assets remaining from previous towing services market sales.

In October 2005, RoadOne, Inc. filed for liquidation under Chapter 7 of the federal bankruptcy laws in the Bankruptcy Court of the Eastern District of Tennessee and a trustee was appointed. In December 2006, the trustee's final report was approved by the United States trustee, and we are awaiting receipt of the final decree from the court. As a result of the bankruptcy proceedings, RoadOne, Inc. was deconsolidated from our financial statements as of December 31, 2006. The deconsolidation resulted in a pre-tax, non-cash gain of \$126,000.

Employees

We employed approximately 1,000 people as of December 31, 2006. None of our employees are covered by a collective bargaining agreement, though our employees in France and the United Kingdom have certain similar rights provided by their respective government's employment regulations. We consider our employee relations to be good.

Intellectual Property Rights

Our development of the underlift parallel linkage and L-arms is considered one of the most innovative developments in the wrecker industry. This technology is significant primarily because it allows the damage-free towing of newer aerodynamic vehicles made of lighter weight materials. This technology, particularly the L-arms, is used in a majority of the commercial wreckers today. We hold a number of utility and design patents covering other of our products, including the Vulcan "scoop" wheel-retainer and the car carrier anti-tilt device. We have also obtained the rights to use and develop certain technologies owned or patented by others. Management believes that, until the patents on our technology expire, utilization of our patented technology without a license is an infringement of such patents. We have successfully litigated infringement lawsuits in which the validity of our patents on our technology was upheld, and successfully settled other lawsuits. Pursuant to the terms of a consent judgment entered into in 2000 with the Antitrust Division of the U.S. Department of Justice, we are required to offer non-exclusive royalty-bearing licenses to certain of our key patents to all tow truck and car carrier manufacturers.

Our trademarks "Century," "Holmes," "Champion," "Challenger," "Formula I," "Eagle Claw Self-Loading Wheelift," "Pro Street," "Street Runner," "Vulcan," "Right Approach" and "Extreme Angle," among others, are registered with the United States Patent and Trademark Office. Management believes that our trademarks are well-recognized by dealers, distributors and end-users in their respective markets and are associated with a high level of quality and value.

Government Regulations and Environmental Matters

Our operations are subject to federal, state and local laws and regulations relating to the generation, storage, handling, emission, transportation and discharge of materials into the environment. Management believes that we are in substantial compliance with all applicable federal, state and local provisions relating to the protection of the environment. The costs of complying with environmental protection laws and regulations has not had a material

adverse impact on our financial condition or results of operations in the past and is not expected to have a material adverse impact in the future.

5

We are also subject to the Magnuson-Moss Warranty Federal Trade Commission Improvement Act which regulates the description of warranties on products. The description and substance of our warranties are also subject to a variety of federal and state laws and regulations applicable to the manufacturing of vehicle components. Management believes that continued compliance with various government regulations will not materially affect our operations.

Executive Officers of the Registrant

Information relating to our executive officers as of the end of the period covered by this Annual Report is set forth below. There are no family relationships among the executive officers, directors or nominees for director, nor are there any arrangements or understandings between any of the executive officers and any other persons pursuant to which they were selected as executive officers.

| Name | Age | Position |
|--------------------|-----|---|
| William G. Miller | 60 | Chairman of the Board and Co-Chief Executive Officer |
| Jeffrey I. Badgley | 54 | President and Co-Chief Executive Officer |
| Frank Madonia | 58 | Executive Vice President, Secretary and General Counsel |
| J. Vincent Mish | 56 | Executive Vice President, Chief Financial Officer and President of Financial Services Group |

William G. Miller has served as Chairman of the Board since April 1994 and our Co-Chief Executive Officer since October 2003. From January 2002 to August 2002, Mr. Miller served as the Chief Executive Officer of Team Sports Entertainment, Inc. Mr. Miller served as our Chief Executive Officer from April 1994 until June 1997. In June 1997, he was named Co-Chief Executive Officer, a title he shared with Jeffrey I. Badgley until November 1997. Mr. Miller also served as our President from April 1994 to June 1996. He served as Chairman of Miller Group, Inc., from August 1990 through May 1994, as its President from August 1990 to March 1993, and as its Chief Executive Officer from March 1993 until May 1994. Prior to 1987, Mr. Miller served in various management positions for Bendix Corporation, Neptune International Corporation, Wheelabrator-Frye, Inc. and The Signal Companies, Inc.

Jeffrey I. Badgley has served as our Co-Chief Executive Officer with William G. Miller since October 2003, as our President since June 1996 and as a director since January 1996. Mr. Badgley served as our Chief Executive Officer from November 1997 to October 2003. In June 1997, he was named our Co-Chief Executive Officer, a title he shared with Mr. Miller until November 1997. Mr. Badgley served as our Vice President from 1994 to 1996, and as our Chief Operating Officer from June 1996 to June 1997. In addition, Mr. Badgley has served as President of Miller Industries Towing Equipment Inc. since 1996. Mr. Badgley served as Vice President—Sales of Miller Industries Towing Equipment, Inc. from 1988 to 1996. He previously served as Vice President—Sales and Marketing of Challenger Wrecker Corporation, from 1982 until joining Miller Industries Towing Equipment Inc.

Frank Madonia has served as our Executive Vice President, Secretary and General Counsel since September 1998. From April 1994 to September 1998 Mr. Madonia served as our Vice President, General Counsel and Secretary. Mr. Madonia served as Secretary and General Counsel to Miller Industries Towing Equipment, Inc. since its acquisition by Miller Group in 1990. From July 1987 through April 1994, Mr. Madonia served as Vice President, General Counsel and Secretary of Flow Measurement. Prior to 1987, Mr. Madonia served in various legal and management positions for United States Steel Corporation, Neptune International Corporation, Wheelabrator-Frye, Inc., and The Signal Companies, Inc.

J. Vincent Mish is a certified public accountant and has served as our Chief Financial Officer and Treasurer since June 1999, a position he also held from April 1994 through September 1996. In December 2002, Mr. Mish was appointed as our Executive Vice President. He also has served as President of the Financial Services Group since September 1996 and as a Vice President of Miller Industries since April 1994. Mr. Mish served as Vice President and Treasurer of Miller Industries Towing Equipment, Inc. since its acquisition by Miller Group in 1990. From February 1987 through April 1994, Mr. Mish served as Vice President and Treasurer of Flow Measurement. Mr. Mish worked with Touche Ross & Company (now Deloitte and Touche) for over ten years before serving as Treasurer and Chief Financial Officer of DNE Corporation from 1982 to 1987. Mr. Mish is a member of the American Institute of Certified Public Accountants and the Tennessee and Michigan Certified Public Accountant societies.

Available Information

Our Internet website address is www.millerind.com. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we file them with, or furnish them to, the Securities and Exchange Commission. Our Corporate Governance Guidelines and Code of Business Conduct and Ethics are also available on our website and are available in print to any shareholder who mails a request to: Corporate Secretary, Miller Industries, Inc., 8503 Hilltop Drive, Ooltewah, Tennessee 37363. Other corporate governance-related documents can be found at our website as well.

ITEM 1A.

RISK FACTORS

There are many factors that affect our business and the results of our operations, some of which are beyond our control. The following is a description of some of the important factors that may cause the actual results of our operations in future periods to differ materially from those currently expected or desired. We encourage you to read this section carefully.

Our business is subject to the cyclical nature of our industry, general economic conditions and weather. Adverse changes with respect to any of these factors may lead to a downturn in our business.

The towing and recovery industry is cyclical in nature and has been affected historically by high interest rates, fuel costs, insurance costs, and economic conditions in general. Accordingly, an increase in interest rates, fuel costs or insurance costs, or a downturn in the economy, could have a material adverse effect on our operations. The industry also is influenced by consumer confidence and general credit availability, and by weather conditions, none of which is within our control.

Our dependence upon outside suppliers for our raw materials, including aluminum and steel, and other purchased component parts, leaves us subject to price increases and delays in receiving supplies of such materials or parts.

We are dependent upon outside suppliers for our raw material needs and other purchased component parts, and although we believe that these suppliers will continue to meet our requirements and specifications, and that alternative sources of supply are available, events beyond our control could have an adverse effect on the cost or availability of raw materials and component parts. Shipment delays, unexpected price increases or changes in payment terms from our suppliers of raw materials or component parts could impact our ability to secure necessary raw materials or component parts, or to secure such materials and parts at favorable prices. For example, recent increases in demand for aluminum and steel, as well as disruptions in the supply of raw materials, has resulted in substantially higher prices for aluminum, steel and related raw materials. Partially to offset these increases, we have, from time to time, implemented general price increases and cost surcharges. While we have attempted to pass these increased costs on to our customers, there can be no assurance that we will be able to continue to do so. Additionally, demand for our products could be negatively affected by the unavailability of truck chassis, which are manufactured by third parties

and are frequently supplied by us, or are purchased separately by our distributors or by towing operators. Although we believe that sources of our raw materials and component parts will continue to be adequate to meet our requirements and that alternative sources are available, shortages, price increases or delays in shipments of our raw materials and component parts could have a material adverse effect on our financial performance, competitive position and reputation.

7

Our competitors could impede our ability to attract new customers, or attract current customers away from us.

The towing and recovery equipment manufacturing industry is highly competitive. Competition for sales exists at both the distributor and towing-operator levels and is based primarily on product quality and innovation, reputation, technology, customer service, product availability and price. In addition, sales of our products are affected by the market for used towing and recovery equipment. Certain of our competitors may have substantially greater financial and other resources and may provide more attractive dealer and retail customer financing alternatives than us.

Our future success depends upon our ability to develop proprietary products and technology.

Historically, we have been able to develop or acquire patented and other proprietary product innovations which have allowed us to produce what management believes to be technologically advanced products relative to most of our competition. Certain of our patents have expired, and others will expire in the next few years, and as a result, we may not have a continuing competitive advantage through proprietary products and technology. In addition, pursuant to the terms of a consent judgment entered into in 2000 with the Antitrust Division of the U.S. Department of Justice, we are required to offer non-exclusive royalty-bearing licenses to certain of our key patents to all wrecker and car carrier manufacturers. Our historical market position has been a result, in part, of our continuous efforts to develop new products. Our future success and ability to maintain market share will depend, to an extent, on new product development.

Continued increases in our customers' fuel costs, and the reduced availability of credit for our customers, will have a material effect upon our business.

In recent years, our customers have experienced substantial increases in fuel and other transportation costs. There can be no assurance that fuel and transportation costs will not continue to increase for our customers in the future. Additionally, our customers have, from time to time, experienced reduced availability of credit, which negatively affects their ability to, and capacity for, purchasing equipment. These increases in fuel and transportation costs, and these reductions in the availability of credit, have had, and may continue to have, a negative effect on our customers, and a material effect upon our business and operating results.

Our international operations are subject to various political, economic and other uncertainties that could adversely affect our business results, including by restrictive taxation or other government regulation and by foreign currency fluctuation.

A significant portion of our net sales and production in 2006 were outside the United States, primarily in Europe. As a result, our operations are subject to various political, economic and other uncertainties, including risks of restrictive taxation policies, changing political conditions and governmental regulations. Also, a substantial portion of our net sales derived outside the United States, as well as salaries of employees located outside the United States and certain other expenses, are denominated in foreign currencies, including British pounds and the Euro. We are subject to risk of financial loss resulting from fluctuations in exchange rates of these currencies against the U.S. dollar.

Projects to modernize and expand our manufacturing facilities, such as the ongoing projects at our Ooltewah, Tennessee and Hermitage, Pennsylvania manufacturing facilities, could adversely affect production at those facilities.

In 2006 we began projects to modernize and expand our Ooltewah, Tennessee and Hermitage, Pennsylvania manufacturing facilities. In addition, we continue to evaluate the need for similar projects at our other existing manufacturing facilities to allow us to better meet anticipated demand for our products. Although we have implemented a plan to minimize the impact of these modernization activities on our current production, construction delays and related problems could arise as a result of our expansion efforts. Construction or other related problems at

any one of our facilities could result in manufacturing delays, and could otherwise adversely affect our ability to operate these facilities at full manufacturing capacity.

8

The need to service our indebtedness may affect the growth and profitability of our business.

As of January 31, 2007, our debt included approximately \$4.6 million under our senior credit facility and \$5.0 million under our junior credit facility. A portion of our cash flow from operations has been and will continue to be dedicated to service our debt. Using cash in this manner may affect our ability to grow our business and to take advantage of opportunities for growth. In addition, indebtedness may make us more vulnerable to general adverse economic and industry conditions.

The requirements and restrictions imposed by our credit facilities restrict our ability to operate our business, and failure to comply with these requirements and restrictions could adversely affect our business.

The terms of our senior credit facility and our junior credit facility restrict our ability and our subsidiaries' ability to, among other things, incur additional indebtedness, pay dividends or make certain other restricted payments or investments in certain situations, consummate certain asset sales, enter into certain transactions with affiliates, incur liens, or merge or consolidate with any other person or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our or their assets. Our credit facilities also require us to meet certain financial tests, and to comply with certain other reporting, affirmative and negative covenants.

If we fail to comply with the requirements of either of our credit facilities, such non-compliance would result in an event of default. If not waived by the lending groups, such event of default would result in the acceleration of the amounts due under the respective credit facility, and may permit our lenders to foreclose on our assets that secure the credit facilities.

Our ability to service our credit facilities may be affected by fluctuations in interest rates.

Because of the amount of obligations outstanding under our credit facilities and the connection of the interest rate under such facility (including the default rates) to the LIBOR rate, an increase in the LIBOR rate could have an effect on our ability to satisfy our obligations under the credit facilities and increase our interest expense. Therefore, our liquidity and access to capital resources could be further affected by increasing interest rates.

We depend upon skilled labor to manufacture our products. If we experience problems hiring and retaining skilled labor, our business may be negatively affected.

The timely manufacture and delivery of our products requires an adequate supply of skilled labor, and the operating costs of our manufacturing facilities can be adversely affected by high turnover in skilled positions. Accordingly, our ability to increase sales, productivity and net earnings will be limited to a degree by our ability to employ the skilled laborers necessary to meet our requirements. There can be no assurance that we will be able to maintain an adequate skilled labor force necessary to efficiently operate our facilities. In addition, in connection with a representation petition filed by the United Auto Workers Union with the National Labor Relations Board, a vote was held on union representation for employees at our Ooltewah, Tennessee manufacturing plant in 2002. These employees voted against joining the United Auto Workers Union, but the vote was subsequently overturned by the National Labor Relations Board. Thereafter, a new vote was scheduled for February 2005, but this vote was cancelled at the request of the United Auto Workers Union. While our employees are not currently members of a union, there can be no assurance that the employees at our Ooltewah manufacturing plant, or any other of our employees, may not choose to become unionized in the future.

We are subject to certain retained liabilities related to the wind down of our towing services operations.

We sold or closed all remaining towing services businesses during 2003. As a result, almost all of our former towing services businesses now operate under new ownership, and in general the customary operating liabilities of these

businesses were assumed by the new owners. Our subsidiaries that sold these businesses are subject to some continuing liabilities with respect to their pre-sale operations, including, for example, liabilities related to litigation, certain trade payables, workers compensation and other insurance, surety bonds, and real estate, and Miller Industries, Inc. is subject to some of such continuing liabilities by virtue of certain direct parent guarantees.

In October 2005, our subsidiary, RoadOne, Inc., filed for liquidation under Chapter 7 of the federal bankruptcy laws in the Bankruptcy Court of the Eastern District of Tennessee and a trustee was appointed. In December 2006, the trustee's final report was approved by the United States trustee, and we are awaiting receipt of the final decree from the court.

Any loss of the services of our key executives could have a material adverse impact on our operations.

Our success is highly dependent on the continued services of our management team. The loss of services of one or more key members of our senior management team could have a material adverse effect on us.

A product liability claim in excess of our insurance coverage, or an inability to acquire or maintain insurance at commercially reasonable rates, could have a material adverse effect upon our business.

We are subject to various claims, including product liability claims arising in the ordinary course of business, and may at times be a party to various legal proceedings incidental to our business. We maintain reserves and liability insurance coverage at levels based upon commercial norms and our historical claims experience. A successful product liability or other claim brought against us in excess of our insurance coverage, or the inability of us to acquire or maintain insurance at commercially reasonable rates, could have a material adverse effect upon our business, operating results and financial condition.

Our stock price may fluctuate greatly as a result of the general volatility of the stock market.

From time to time, there may be significant volatility in the market price for our common stock. Our quarterly operating results, changes in earnings estimated by analysts, if any, changes in general conditions in our industry or the economy or the financial markets or other developments affecting us could cause the market price of the common stock to fluctuate substantially. In addition, in recent years the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their operating performance.

Our Chairman and Co-Chief Executive Officer owns a substantial interest in our common stock. He may vote his shares in ways with which you disagree.

William G. Miller, our chairman, beneficially owns approximately 12.1% of the outstanding shares of our common stock. Accordingly, Mr. Miller has the ability to exert significant influence over our business affairs, including the ability to influence the election of directors and the result of voting on all matters requiring shareholder approval.

Our charter and bylaws contain anti-takeover provisions that may make it more difficult or expensive to acquire us in the future or may negatively affect our stock price.

Our charter and bylaws contain restrictions that may discourage other persons from attempting to acquire control of us, including, without limitation, prohibitions on shareholder action by written consent and advance notice requirements regarding amendments to certain provisions of our charter and bylaws. In addition, our charter authorizes the issuance of up to 5,000,000 shares of preferred stock. The rights and preferences for any series of preferred stock may be set by the board of directors, in its sole discretion and without shareholder approval, and the rights and preferences of any such preferred stock may be superior to those of common stock and thus may adversely affect the rights of holders of common stock.

ITEM 1B.

UNRESOLVED STAFF COMMENTS

None.

ITEM 2.

PROPERTIES

We operate four manufacturing facilities in the United States. The facilities are located in Ooltewah, Tennessee; Hermitage, Pennsylvania; Mercer, Pennsylvania; and Greeneville, Tennessee. The Ooltewah plant, containing approximately 302,000 square feet, produces light and heavy duty wreckers and trailers; the Hermitage plant, containing approximately 118,000 square feet, produces car carriers; the Mercer plant, containing approximately 110,000 square feet, produces car carriers and light duty wreckers; and the Greeneville plant, containing approximately 112,000 square feet, produces car carriers, heavy duty wreckers and trailers.

We also have manufacturing operations at two facilities located in the Lorraine region of France, which have, in the aggregate, approximately 180,000 square feet, and manufacturing operations in Norfolk, England, with approximately 48,000 square feet.

In 2006 we began projects to modernize and expand our Ooltewah, Tennessee and Hermitage, Pennsylvania manufacturing facilities as a result of increases in demand for our products. The cost of these projects is anticipated to be approximately \$14.0 million. In addition, we are considering modernization and expansion projects at our other manufacturing facilities as necessary to allow us to continue to meet anticipated demand for our products.

ITEM 3.

LEGAL PROCEEDINGS

We are, from time to time, a party to litigation arising in the normal course of our business. Litigation is subject to various inherent uncertainties, and it is possible that some of these matters could be resolved unfavorably to us, which could result in substantial damages against us. We have established accruals for matters that are probable and reasonably estimable and maintain product liability and other insurance that management believes to be adequate. Management believes that any liability that may ultimately result from the resolution of these matters in excess of available insurance coverage and accruals will not have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our security holders during the last three months of the period covered by this Annual Report.

PART II

**ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS
5. AND ISSUER PURCHASES OF EQUITY SECURITIES**
Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Our common stock is traded on the New York Stock Exchange under the symbol "MLR." The following table sets forth the quarterly range of high and low sales prices for the common stock for the periods indicated.

| Period | Price Range of Common Stock | |
|---------------------------------------|-----------------------------|----------|
| | High | Low |
| Year Ended December 31, 2005 | | |
| First Quarter | \$ 13.80 | \$ 11.14 |
| Second Quarter | 13.02 | 9.90 |
| Third Quarter | 22.59 | 12.30 |
| Fourth Quarter | 21.50 | 16.35 |
| Year Ended December 31, 2006 | | |
| First Quarter | \$ 26.13 | \$ 19.72 |
| Second Quarter | 29.31 | 17.60 |
| Third Quarter | 21.50 | 16.61 |
| Fourth Quarter | 24.71 | 17.95 |
| Year Ending December 31, 2007 | | |
| First Quarter (through March 9, 2007) | \$ 24.18 | \$ 21.60 |

The approximate number of holders of record and beneficial owners of common stock as of December 31, 2006 was 1,646 and 10,000, respectively.

We have never declared cash dividends on our common stock. We intend to retain our earnings and do not anticipate paying cash dividends in the foreseeable future. Any future determination as to the payment of cash dividends will depend upon such factors as earnings, capital requirements, our financial condition, restrictions in financing agreements and other factors deemed relevant by our Board of Directors. The payment of dividends by us is restricted by our revolving credit facility.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During 2006, holders of options to purchase our common stock delivered 7,133 shares to exercise stock options. There were no other share repurchases during 2006, and there were no share repurchases during 2005.

Sales of Unregistered Securities

We did not sell any unregistered securities during the year ended December 31, 2006.

Performance Graph

The following line graph compares the percentage change in the cumulative shareholder return of our common stock with The New York Stock Exchange Composite Index and the Standard & Poor's Composite Index over the period of time from December 31, 2001 through December 31, 2006. The respective returns assume reinvestment of dividends paid.

| | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 | 12/30/05 | 12/29/06 |
|---------------------------|----------|----------|----------|----------|----------|----------|
| Miller Industries, Inc. | 100 | 102 | 126 | 356 | 640 | 757 |
| NYSE Composite Index(1) | 100 | 80 | 104 | 116 | 124 | 147 |
| S&P Construction Index(2) | 100 | 84 | 144 | 174 | 200 | 215 |

(1) The New York Stock Exchange revised the NYSE Composite Index as of December 31, 2002. The change recalibrated the base year as December 31, 2002.

(2) For the year ended December 31, 2002, Standard & Poors transferred the Heavy Duty Trucks and Parts index, the index previously used by the Company, to the S&P 500 - Construction and Farm Machinery and Heavy Trucks Index. As a result, the Company has elected to use the S&P 500 - Construction and Farm Machinery and Heavy Trucks index in the above comparison.

ITEM 6.**SELECTED FINANCIAL DATA**

The following table presents selected statement of operations data and selected balance sheet data on a consolidated basis. We derived the selected historical consolidated financial data for the years ended December 31, 2006, 2005, 2004, 2003 and 2002 from our audited consolidated financial statements and related notes. You should read this data together with Item 7-“Management’s Discussion and Analysis of Financial Condition and Results of Operation” and our consolidated financial statements and related notes that are a part of this Annual Report on Form 10-K.

| | Years Ended December 31, | | | | |
|--|---|-------------|-------------|-------------|-------------|
| | 2006 | 2005 | 2004 | 2003 | 2002 |
| | (In thousands except per share data) | | | | |
| Statements of Income Data (1): | | | | | |
| Net Sales: | | | | | |
| Towing and recovery equipment | \$ 409,421 | \$ 351,884 | \$ 236,308 | \$ 192,043 | \$ 203,059 |
| Towing services | — | — | — | 13,953 | 28,444 |
| | 409,421 | 351,884 | 236,308 | 205,996 | 231,503 |
| Costs and expenses: | | | | | |
| Costs of operations: | | | | | |
| Towing and recovery equipment | 349,639 | 301,943 | 205,021 | 168,390 | 174,516 |
| Towing services | — | — | — | 10,618 | 22,539 |
| | 349,639 | 301,943 | 205,021 | 179,008 | 197,055 |
| Selling, general, and administrative expenses | 26,837 | 24,293 | 18,904 | 17,411 | 19,540 |
| Special charges (2) | — | — | — | 682 | — |
| Interest expense | 3,518 | 4,012 | 4,657 | 5,609 | 4,617 |
| Total costs and expenses | 379,994 | 330,248 | 228,582 | 202,710 | 221,212 |
| Income from continuing operations before income taxes | 29,427 | 21,636 | 7,726 | 3,286 | 10,291 |
| Income tax provision | 2,454 | 2,936 | 740 | 1,216 | 7,208 |
| Income from continuing operations | 26,973 | 18,700 | 6,986 | 2,070 | 3,083 |
| Discontinued operations: | | | | | |
| Gain (loss) from discontinued operations, net of taxes | 126 | (114) | (1,511) | (16,223) | (26,965) |
| Tax benefit of advances to and investment in certain discontinued operations | (18,244) | — | — | — | — |
| Gain (loss) from discontinued operations | 18,370 | (114) | (1,511) | (16,223) | (26,965) |
| Net income (loss) before cumulative effect of change in accounting principle | 45,343 | 18,586 | 5,475 | (14,153) | (23,882) |
| Cumulative effect of change in accounting principle | — | — | — | — | (21,812) |
| Net income (loss) | \$ 45,343 | \$ 18,586 | \$ 5,475 | \$ (14,153) | \$ (45,694) |
| Basic net income (loss) per common share: | | | | | |
| Income from continuing operations | \$ 2.37 | \$ 1.67 | \$ 0.64 | \$ 0.22 | \$ 0.34 |
| Gain (loss) from discontinued operations | 1.62 | (0.01) | (0.14) | (1.74) | (2.89) |
| | — | — | — | — | (2.34) |

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| | | | | | | | |
|---|----|--------|----|--------|----|--------|---------------------|
| Cumulative effect of change in accounting principle | | | | | | | |
| Basic income (loss) | \$ | 3.99 | \$ | 1.66 | \$ | 0.50 | \$ (1.52) \$ (4.89) |
| Diluted net income (loss) per common share: | | | | | | | |
| Income from continuing operations | \$ | 2.33 | \$ | 1.63 | \$ | 0.64 | \$ 0.22 \$ 0.34 |
| Gain (loss) from discontinued operations | | 1.58 | | (0.01) | | (0.14) | (1.74) (2.89) |
| Cumulative effect of change in accounting principle | | — | | — | | — | (2.34) |
| Diluted income (loss) | \$ | 3.91 | \$ | 1.62 | \$ | 0.50 | \$ (1.52) \$ (4.89) |
| Weighted average shares outstanding: | | | | | | | |
| Basic | | 11,360 | | 11,226 | | 10,860 | 9,342 9,341 |
| Diluted | | 11,596 | | 11,474 | | 10,982 | 9,342 9,341 |

| | December 31, | | | | |
|---|---|-------------|-------------|-------------|-------------|
| | 2006 | 2005 | 2004 | 2003 | 2002 |
| | (In thousands except per share data) | | | | |
| Balance Sheet Data (at period end): | | | | | |
| Working capital (deficit) | \$ 76,266 | \$ 50,406 | \$ 39,978 | \$ 31,136 | \$ (10,174) |
| Total assets | 197,432 | 144,570 | 127,822 | 131,818 | 162,177 |
| Long-term obligations, less current portion | 10,537 | 16,803 | 24,345 | 29,927 | 1,214 |
| Common shareholders' equity | 113,383 | 64,755 | 46,785 | 27,997 | 39,697 |

(1) The results of operations and loss on disposal associated with certain towing services operations, which were sold in June 2003, have been reclassified from discontinued to continuing operations for all periods presented because of our significant continuing involvement in the operations of the disposal components through a consulting agreement and our ongoing interest in the cash flows of the operations of the disposal components through a long-term licensing agreement.

(2) Special charges and other net operating expenses include a loss on the sale of operations of \$682 for the year ended December 31, 2003 for continuing operations. We recorded asset impairments and special charges for discontinued operations of \$4,905 and \$11,828 for the years ended December 31, 2003 and 2002. Special charges and asset impairments related to discontinued operations are included in Loss from Discontinued Operations.

ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS 7. OF OPERATIONS

The following discussion of our results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

Executive Overview

Miller Industries is the world's largest manufacturer of vehicle towing and recovery equipment, with domestic manufacturing subsidiaries in Tennessee and Pennsylvania, and foreign manufacturing subsidiaries in France and the United Kingdom. We offer a broad range of equipment to meet our customers' design, capacity and cost requirements under our Century[®], Vulcan[®], Challenger[®], Holmes[®], Champion[®], Chevron[™], Eagle Titan[®], Jige[™] and Boniface[™] brand names.

Overall, management focuses on a variety of key indicators to monitor our operating and financial performance. These indicators include measurements of revenue, operating income, gross margin, income from continuing operations, earnings per share, capital expenditures and cash flow.

We derive revenues primarily from product sales made through our network of domestic and foreign independent distributors. Our revenues are sensitive to a variety of factors, such as demand for, and price of, our products, our technological competitiveness, our reputation for providing quality products and reliable service, competition within our industry, the cost of raw materials (including aluminum, steel and petroleum-related products) and general economic conditions.

During 2006, our revenues continued to be positively affected by strong overall demand for our products resulting from general economic improvements. In addition, we continued the manufacture of heavy-duty towing and recovery units for several military and governmental orders. While we continue to increase production of our commercial lines, the timing and receipt of additional military orders as well as the timing of deliveries of chassis and other wrecker components could have short-term effects on the timing of production and revenue in 2007.

We have been and will continue to be affected by increases in the prices that we pay for raw materials, particularly aluminum, steel, petroleum-related products and other raw materials. Raw material costs represent a substantial part of our total costs of operations, and management expects aluminum and steel prices to remain at historically high levels for the foreseeable future. As we determined necessary, we implemented price increases to offset these higher costs. We also began to develop alternatives to the components used in our production process that incorporate these raw materials. We have shared several of these alternatives with our major component part suppliers, some of whom have begun to implement them in the production of our component parts. We continue to monitor raw material prices and availability in order to more favorably position the company in this dynamic market.

In June 2005, we entered into a new \$27.0 million senior credit facility with Wachovia Bank, National Association, and we amended our junior credit facility with William G. Miller, our Chairman and Co-Chief Executive Officer, by, among other things, adding an additional loan. During 2006, we repaid \$5 million of subordinated debt under our junior credit facility using additional borrowings under the revolving portion of our senior credit facility. Total senior and junior debt at December 31, 2006 was \$9.9 million, which represents a significant decrease in our overall indebtedness from prior periods.

During 2006, we reversed our deferred tax valuation allowance. As a result of our positive earnings, the favorable projected earnings outlook as well as the improvements in overall financial position, we determined that it is more likely than not that the deferred tax asset will be realized. Additionally, we recognized a tax benefit related to losses from advances to and investments in certain discontinued operations.

We are currently modernizing and expanding our manufacturing facilities in Ooltewah, Tennessee and Hermitage, Pennsylvania and expect these projects to continue through 2007. In addition, we are considering modernization and expansion projects at our other manufacturing facilities as necessary to allow us to continue to meet anticipated demand for our products. We believe these modernization and expansion efforts will position us to more effectively face the challenges of the global marketplace in the future.

Discontinued Operations

During 2002, management and the board of directors made the decision to divest our towing services segment, as well as the operations of the distribution group of our towing and recovery equipment segment. All assets and liabilities and results of operations associated with these assets have been separately presented in the accompanying financial statements as discontinued operations separate from continuing operations. The analyses contained herein are of continuing operations unless otherwise noted.

In general, the customary operating liabilities of these disposed businesses were assumed by the new owners. Our subsidiaries that sold these businesses may nevertheless be subject to some continuing liabilities with respect to their pre-sale operations, including, for example, liabilities related to litigation, certain trade payables, workers compensation and other insurance, surety bonds, and real estate. Except in the case of direct guarantees, these are not obligations of Miller Industries, Inc., and Miller Industries, Inc. would expect to take whatever steps it deems appropriate to protect itself from any such liabilities.

In October 2005, RoadOne, Inc. filed for liquidation under Chapter 7 of the federal bankruptcy laws in the Bankruptcy Court of the Eastern District of Tennessee and a trustee was appointed. In December 2006, the trustee's final report was approved by the United States trustee, and we are awaiting receipt of the final decree from the court. As a result of the bankruptcy proceedings, RoadOne, Inc. was deconsolidated from our consolidated financial statements as of December 31, 2006. The deconsolidation resulted in a pre-tax, non-cash gain of \$126,000.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require us to make estimates. Certain accounting policies are deemed "critical," as they require management's highest degree of judgment, estimates and assumptions. A discussion of critical accounting policies, the judgments and uncertainties affecting their application and the likelihood that materially different amounts would be reported under different conditions or using different assumptions follows:

Accounts receivable

We extend credit to customers in the normal course of business. Collections from customers are continuously monitored and an allowance for doubtful accounts is maintained based on historical experience and any specific customer collection issues. While such bad debt expenses have historically been within expectations and the allowance established, there can be no assurance that we will continue to experience the same credit loss rates as in the past.

Valuation of long-lived assets and goodwill

Long-lived assets and goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount of these assets may not be fully recoverable. When a determination has been made that the carrying amount of long-lived assets and goodwill may not be fully recovered, the amount of impairment is measured by comparing an asset's estimated fair value to its carrying value. The determination of fair value is based on projected future cash flows discounted at a rate determined by management, or if available independent appraisals or sales price negotiations. The estimation of fair value includes significant judgment regarding assumptions of revenue, operating costs, interest rates, property and equipment additions; and industry competition and general economic and business conditions among other factors. We believe that these estimates are reasonable; however, changes in any of these factors could affect these evaluations. Based on these estimations, we believe that our long-lived assets are appropriately valued.

Warranty Reserves

We estimate expense for product warranty claims at the time products are sold. These estimates are established using historical information about the nature, frequency, and average cost of warranty claims. We review trends of warranty claims and take actions to improve product quality and minimize warranty claims. We believe the warranty reserve is adequate; however, actual claims incurred could differ from the original estimates, requiring adjustments to the accrual.

Income taxes

We recognize deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Differences between the effective tax rate and the expected tax rate are due primarily to losses from advances to and investments in certain discontinued operations and changes in deferred tax asset valuation allowances. We consider the need to record a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. We consider tax loss carryforwards, reversal of deferred tax liabilities, tax planning and estimates of future taxable income in assessing the need for a valuation allowance. The balance of our valuation allowance was \$8.8 million at December 31, 2005.

In 2006, we reversed our deferred tax valuation allowance. As a result of our positive earnings, our favorable projected earnings outlook as well as the improvements in our overall financial position, we determined that it is more likely than not that the deferred tax asset will be realized. The Company recognized a net deferred tax asset of \$19.7 million as of December 31, 2006, which includes the \$8.8 million recognized as a result of the reversal of the valuation allowance.

Revenues

Under our accounting policies, revenue is recorded when the risk of ownership for products has transferred to independent distributors or other customers, which is generally upon shipment. While we manufacture only the bodies of wreckers, which are installed on truck chassis manufactured by third parties, we frequently purchase the truck chassis for resale to our customers. Sales of company-purchased truck chassis are included in net sales. Margins are substantially lower on completed recovery vehicles containing company-purchased chassis because the markup over the cost of the chassis is nominal.

Seasonality

We have experienced some seasonality in net sales due in part to decisions by purchasers of towing and recovery equipment to defer purchases near the end of the chassis model year. Our net sales have historically been seasonally impacted due in part to weather conditions.

Foreign Currency Translation

The functional currency for our foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date, historical rates for equity and the weighted average exchange rate during the period for revenue and expense accounts. The gains or losses resulting from such translations are included in shareholders' equity. For intercompany debt denominated in a currency other than the functional currency, the remeasurement into the functional currency is also included in shareholders' equity as the amounts are considered to be of a long-term investment nature.

Results of Operations

The following table sets forth, for the years indicated, the components of the consolidated statements of operations expressed as a percentage of net sales.

18

| | 2006 | 2005 | 2004 |
|-------------------------------------|-------------|-------------|-------------|
| <u>Continuing Operations:</u> | | | |
| Net Sales | 100.0% | 100.0% | 100.0% |
| Costs and expenses: | | | |
| Costs of operations | 85.4% | 85.8% | 86.8% |
| Selling, general and administrative | 6.6% | 6.9% | 8.0% |
| Interest expense | 0.8% | 1.1% | 2.0% |
| Total costs and expenses | 92.8% | 93.8% | 96.8% |
| Income before income taxes | 7.2% | 6.2% | 3.2% |
| <u>Discontinued Operations:</u> | | | |
| Net Sales | 100.0% | 100.0% | 100.0% |
| Costs and expenses: | | | |
| Costs of operations | 93.0% | 90.3% | 92.5% |
| Selling, general and administrative | 8.6% | 10.9% | 9.5% |
| Gain on deconsolidation | (32.7)% | 0.0% | 0.0% |
| Interest expense | 0.0% | 0.0% | 1.6% |
| Total costs and expenses | 68.9% | 101.2% | 103.6% |
| Income (loss) before income taxes | 31.1% | (1.2)% | (3.6)% |

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005*Continuing Operations*

Net sales were \$409.4 million for the year ended December 31, 2006, compared to \$351.9 million for the year ended December 31, 2005, an increase of 16.3%. This increase was attributable to continuing overall improvements in market conditions with increases in demand leading to increases in production levels.

Cost of operations increased to \$349.6 million for the year ended December 31, 2006 from \$301.9 million for the year ended December 31, 2005. As a percentage of sales, cost of operations decreased slightly from 85.8% for the year ended December 31, 2005 to 85.4% for the year ended December 31, 2006 due to increases in productivity as demand for our products increased, offset by product mix.

Selling, general and administrative expense for the year ended December 31, 2006 increased to \$26.8 million from \$24.3 million for the year ended December 31, 2005. Approximately 12.0% of the increase is attributable to increased expenses related to our stock-based compensation, with the remainder being attributable to other personnel-related expense and other expenses associated with higher sales volume. As a percentage of sales, selling, general and administrative expense decreased to 6.6% for the year ended December 31, 2006 from 6.9% for the year ended December 31, 2005.

During 2006, we concluded that the valuation allowance on the deferred tax assets established in prior years was no longer necessary given our sustained income and growth through the year and the favorable projected earnings outlook. In 2006, we reversed the deferred tax valuation allowance. The provision for income taxes for the years ended December 31, 2006 and 2005 reflects a combined federal, state and foreign tax rate of 8.3% and 13.6%, respectively.

Discontinued Operations

Net sales for the distribution group of the discontinued operations decreased to \$385,000 for the year ended December 31, 2006 from \$11.5 million for the year ended December 31, 2005. We sold all the remaining distributor locations in

December 2005.

Cost of operations as a percentage of net sales for the distribution group were 93.0% for the year ended December 31, 2006 compared to 90.3% for the year ended December 31, 2005.

19

Selling, general and administrative expenses as a percentage of sales for the distribution group were 8.6% for the year ended December 31, 2006 compared to 10.9% for the year ended December 31, 2005.

The results of operation for the discontinued operations includes the recognition of a pre-tax, non-cash gain on deconsolidation of discontinued operations upon the RoadOne, Inc. liquidation from bankruptcy and the recognition of a deferred tax asset related to deductible losses from excess tax basis of advances to and investments in certain discontinued operations.

Interest Expense

Our total interest expense for continuing operations decreased to \$3.5 million for the year ended December 31, 2006 from \$4.0 million for the year ended December 31, 2005. Decreases in interest expense were primarily due to decreases in overall debt levels. No interest expense was incurred for discontinued operations for 2006 or 2005.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Continuing Operations

Net sales were \$351.9 million for the year ended December 31, 2005 compared to \$236.3 million for the year ended December 31, 2004. The increase is primarily the result of overall improvements in market conditions, with increases in demand leading to increases in production levels, production and delivery of units under contract with the Australian military and production of mobile communication trailers for DataPath. To a lesser extent, this increase is also attributable to price increases that we implemented throughout 2004 and 2005.

Costs of operations as a percentage of net sales decreased to 85.8% for the year ended December 31, 2005 from 86.8% for the year ended December 31, 2004 due to increases in productivity as demand for our products increased.

Selling, general, and administrative expenses decreased as a percentage of net sales from 8.0% for the year ended December 31, 2004 to 6.9% for the year ended December 31, 2005, due to the fixed nature of certain of these expenses spread over the higher sales volume.

The effective rate for the provision for income taxes was 13.6% for the year ended December 31, 2005 compared to 9.6% for the year ended December 31, 2004. The increase in the effective tax rate primarily reflects additional taxes on foreign income for the period.

Discontinued Operations

Net sales from the distribution group decreased to \$11.5 million for the year ended December 31, 2005 compared to \$37.8 million for the year ended December 31, 2004. Revenues were negatively impacted by the disposal of all distributor locations by the end of 2005. The towing services segment had no net sales during the years ended December 31, 2005 and 2004, because all towing services operations were sold during 2003.

Cost of sales as a percentage of net sales for the distribution group was 90.3% for the year ended December 31, 2005 compared to 92.5% for the year ended December 31, 2004. There were no costs of sales for the towing services segment during the years ended December 31, 2005 and 2004. As explained above, we sold all our remaining towing services markets by the end of calendar 2003.

Selling, general, and administrative expenses as a percentage of sales was 10.9% for the distribution group and 0.0% for the towing services segment for the year ended December 31, 2005 compared to 9.3% and 0.0%, respectively for the year ended December 31, 2004. Increases in the percentage of sales for the distribution group were primarily the

result of lower administrative expenses spread over a smaller revenue base, as we continued to sell the remaining distribution location.

The effective rate for the provision for income taxes for discontinued operations was 0.0% for the year ended December 31, 2005, compared to 10.2% for the year ended December 31, 2004.

20

Interest Expense

Our total interest expense for continuing and discontinued operations decreased to \$4.0 million for the year ended December 31, 2005 from \$5.3 million for the comparable year-ago period. Interest expense was \$4.0 million for continuing operations and \$0.0 million for discontinued operations for the year ended December 31, 2005, compared to \$4.7 million for continuing operations and \$0.6 million for discontinued operations for the year ended December 31, 2004. Decreases in interest expense were due to overall decreases in debt levels, as well as lower interest rates on our new senior credit facility.

Liquidity And Capital Resources

Cash provided by operating activities was \$18.1 million for the year ended December 31, 2006, compared to \$13.4 million for the year ended December 31, 2005, and \$5.7 million used in operating activities for the year ended December 31, 2004. The cash provided by operating activities for 2006 reflects increases in profitability partially offset by increases in accounts receivable and inventory directly related to our revenue increases and increases in accounts payable to support increased productivity.

Cash used in investing activities was \$11.8 million for the year ended December 31, 2006, compared to \$0.2 million provided by investing activities for the year ended December 31, 2005, and \$3.9 million for the year ended December 31, 2004. The cash used in investing activities for 2006 was primarily for the purchase of property, plant and equipment.

Cash used in financing activities was \$5.0 million for the year ended December 31, 2006, compared to \$10.2 million for the year ended December 31, 2005, and \$2.5 million for the year ended December 31, 2004. The cash used in financing activities in 2006 paid down our credit facilities and repaid other outstanding long-term debt and capital lease obligations.

Over the past year, we generally have used available cash flow to reduce the outstanding balance on our credit facilities, to pay down other long-term debt obligations, and to pay for capital expenditures related to our plant modernization. In addition, our working capital requirements have been and will continue to be significant in connection with the increase in our manufacturing output to meet recent increases in demand for our products.

We are currently expanding our existing manufacturing facilities in Ooltewah, Tennessee and Hermitage, Pennsylvania as a result of recent increases in demand for our products. The cost of these projects is anticipated to be approximately \$14.0 million. At December 31, 2006, we had commitments of approximately \$2.8 million for construction and acquisition of property and equipment. We expect to fund these projects from cash flows and unused availability under our senior credit facility.

Additionally, in 2006 we repaid \$5.0 million of subordinated debt under our junior credit facility using additional borrowings under the revolving portion of our senior credit facility.

As of December 31, 2006, we had cash and cash equivalents of \$8.2 million, exclusive of unused availability under our credit facilities. Our primary cash requirements include working capital, capital expenditures and interest and principal payments on indebtedness under our credit facilities. We expect our primary sources of cash to be cash flow from operations, cash and cash equivalents on hand at December 31, 2006 and borrowings from unused availability under our credit facilities. We expect these sources to be sufficient to satisfy our cash needs during 2007.

Contractual Obligations

The following is a summary of our contractual obligations as of December 31, 2006.

| Contractual Obligations(1) | Total | Payment Due By Period (in thousands) | | | | More than 5 years |
|---|-----------|--------------------------------------|-----------|-----------|--------|----------------------|
| | | Less than 1 year | 1-3 years | 3-5 years | | |
| Outstanding Borrowings Under Senior Credit Facility | \$ 4,900 | \$ 1,400 | \$ 2,800 | \$ 700 | \$ — | |
| Outstanding Borrowings Under Junior Credit Facility | 5,000 | — | 5,000 | — | — | |
| Mortgage Notes Payable | 1,844 | 60 | 1,784 | — | — | |
| Equipment Notes Payable (Capital Lease Obligations) | 416 | 162 | 231 | 23 | — | |
| Operating Lease Obligations | 2,984 | 1,011 | 1,069 | 520 | 384 | |
| Purchase Obligations (2) | 36,406 | 36,406 | — | — | — | |
| Commitments for construction and acquisition of plant and equipment | 2,810 | 2,810 | — | — | — | |
| Total | \$ 54,360 | \$ 41,849 | \$ 10,884 | \$ 1,243 | \$ 384 | |

(1) Amounts do not include potential contingent obligations of \$27.5 million under repurchase commitments with third-party lenders in the event of customer default.

(2) Purchase obligations represent open purchase orders for raw materials and other components issued in the normal course of business.

Credit Facilities and Other Obligations**Senior Credit Facility**

On June 17, 2005, we entered into a Credit Agreement with Wachovia Bank, National Association, for a \$27.0 million senior secured credit facility. Proceeds from this senior credit facility were used to repay The CIT Group/Business Credit, Inc. and William G. Miller, our Chairman of the Board and Co-Chief Executive Officer, under our former senior credit facility. As a result, effective June 17, 2005, our former senior credit facility was satisfied and terminated, and Mr. Miller no longer holds any of our senior debt.

The senior credit facility consists of a \$20.0 million revolving credit facility, and a \$7.0 million term loan. In the absence of a default, all new borrowings under the revolving credit facility bear interest at the LIBOR Market Index Rate (as defined in the Credit Agreement) plus a margin of between 1.75% to 2.50% per annum that is subject to adjustment from time to time based upon the Consolidated Leverage Ratio (as defined in the Credit Agreement), and the term loan bears interest at a 30-day adjusted LIBOR rate plus a margin of between 1.75% to 2.50% per annum that is subject to adjustment based upon the Consolidated Leverage Ratio. The revolving credit facility expires on June 15, 2008, and the term loan matures on June 15, 2010. The senior credit facility is secured by substantially all of our assets, and contains customary representations and warranties, events of default and affirmative and negative covenants for secured facilities of this type.

Junior Credit Facility

On May 31, 2005, Harbourside Investments, LLLP, a limited liability limited partnership of which several of our executive officers and directors were partners, and which was the lender under our junior credit facility, was dissolved, and in connection therewith, Mr. Miller, as successor lender agent to Harbourside, became the sole lender under our junior credit facility. Our junior credit facility is, by its terms, expressly subordinated only to our senior credit facility, and is secured by a second priority lien and security interest in substantially all of our other assets. Our junior credit facility contains requirements for the maintenance of certain financial covenants, and also imposes restrictions on capital expenditures, incurrence of indebtedness, mergers and acquisitions, distributions and transfers and sales of assets.

The junior credit facility matures on September 17, 2008, and contains certain representations and warranties, and covenants and events of default consistent with the representations and warranties, covenants and events of default in the Credit Agreement for our senior credit facility. In the absence of a default, all of the term loans outstanding under the junior credit facility bear interest at a rate of 9.0% per annum.

Former Senior Credit Facility

Our former senior credit facility with CIT and Mr. Miller, which was terminated in June 2005, consisted of an aggregate \$32.0 million credit facility, including a \$15.0 million revolving loan, a \$5.0 million term loan and a \$12.0 million term loan. Borrowings under the term loans were collateralized by substantially all of our domestic property, plants, and equipment. The former senior credit facility bore interest at the prime rate (as defined) plus 2.75%.

Interest Rate Sensitivity

Because of the amount of obligations outstanding under the senior credit facility and the connection of the interest rate under such facility (including the default rates) to the LIBOR rate, an increase in the LIBOR rate could have an effect on our ability to satisfy our obligations under this facility and increase our interest expense. Therefore, our liquidity and access to capital resources could be further affected by increasing interest rates.

Outstanding Borrowings

Outstanding borrowings under the senior and junior credit facilities as of December 31, 2006 and 2005 were as follows (in thousands):

| | 2006 | 2005 |
|------------------------------|-------------|-------------|
| Senior Credit Facility | | |
| Revolving Credit Facility | \$ — | — |
| Term Loan | 4,900 | 6,300 |
| Total | 4,900 | 6,300 |
| Junior Credit Facility | 5,000 | 10,000 |
| Total Outstanding Borrowings | \$ 9,900 | \$ 16,300 |

The substantial reductions in our overall indebtedness reflected above were primarily due to our improved operating cash flow resulting from increased sales levels and overall profitability.

Other Long-Term Obligations

In addition to the borrowings under the senior and junior credit facilities described above, we had approximately \$2.3 million of mortgage notes payable, equipment notes payable and other long-term obligations at December 31, 2006. We also had approximately \$2.9 million in non-cancellable operating lease obligations.

Recent Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151 "Inventory Costs-an amendment of ARB No. 43, Chapter 4". This statement clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. This statement also requires the allocation of fixed production overhead costs be based on normal production capacity. The provisions of SFAS No. 151 are effective for inventory costs beginning in January 2006. The adoption of this statement did not have a material impact on our results of operations or financial position.

In December 2004, the FASB issued FASB Staff Position No. 109-1, "Application of FASB Statement No. 109 (SFAS No. 109), Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" (FSP 109-1). FSP 109-1 clarifies that the manufacturer's deduction provided for under the American Jobs Creation Act of 2004 (AJCA) should be accounted for as a special deduction in accordance with SFAS No. 109 and not as a tax rate reduction. As we are currently utilizing net operating loss carryover to reduce taxable income, no benefit for the domestic manufacturing deduction has been provided in our financial statements.

Effective July 1, 2005, we adopted SFAS No. 153, "Exchanges of Nonmonetary Assets-an amendment of APB Opinion No. 29". SFAS No. 153 addresses the measurement of exchanges of nonmonetary assets. It eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29 "Accounting for Nonmonetary Transactions" and replaces it with an exception for exchanges that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The adoption of SFAS No. 153 did not have a material impact on our financial statements.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"), which replaces Accounting Principles Board ("APB") No. 20 "Accounting Changes", and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements". SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle. The statement applies to all voluntary changes in accounting principle as well as changes required by an accounting pronouncement. SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable to determine the period-specific effects or the cumulative effect of the change. The statement was effective for accounting changes and correction of errors made after January 1, 2006, and did not have a material impact on our financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also gives guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. FIN 48 is effective for fiscal years beginning after December 31, 2006. We are in the process of evaluating the impact that FIN 48 will have on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 provides a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures regarding fair value measurements and the effect on earnings. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are in the process of evaluating the impact SFAS No. 157 will have on the Company's financial statements.

In September 2006, the U.S. Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," ("SAB No. 108"), which provides interpretive guidance on the SEC's views regarding the process of quantifying the materiality of financial statement misstatements. SAB No. 108 is effective for years ending after November 15, 2006. The application of SAB No. 108 did not have a material effect on the Company's results of operations or financial position.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We believe that our exposures to market risks are immaterial. We hold no market risk sensitive instruments for trading purposes. At present, we do not employ any derivative financial instruments, other financial instruments, or derivative commodity instruments to hedge any market risk, and we have no plans to do so in the future. To the extent we have

borrowings outstanding under our credit facilities, we are exposed to interest rate risk because of the variable interest rate under the facility.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in Part IV, Item 15 of this Report.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive and chief financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based upon this evaluation, our Co-Chief Executive Officers and our Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Annual Report to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Management's Report On Internal Control Over Financial Reporting

Management of Miller Industries, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our 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 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 be inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including our principal executive officers and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control—Integrated Framework". Based on our assessment under those criteria, we concluded that, as of December 31, 2006, we maintained effective internal control over financial reporting.

Joseph Decosimo and Company, PLLC, the independent registered public accounting firm who also audited our consolidated financial statements included in this report, has issued an attestation report on management's assessment of internal control over financial reporting, which attestation report appears herein.

March 12, 2007

Attestation Report of Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Miller Industries, Inc.
Ooltewah, Tennessee

We have audited management's assessment, included in the accompanying "Management's Report on Internal Control Over Financial Reporting," that Miller Industries, Inc. and subsidiaries (Company) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, 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, management's assessment that Miller Industries, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also in our opinion, Miller Industries, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006, of Miller Industries, Inc. and subsidiaries and our report dated March 12, 2007, expressed an unqualified opinion on those consolidated financial statements.

/s/ Joseph Decosimo and Company, PLLC
Chattanooga, Tennessee
March 12, 2007

26

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B.

OTHER INFORMATION

None.

27

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission, will contain information relating to our directors and audit committee, compliance with Section 16(a) of the Exchange Act, and our code of ethics applicable to our chief executive, financial and accounting officers, which information is incorporated by reference herein. Information relating to our executive officers is included in Item 1 of this report.

ITEM 11. EXECUTIVE COMPENSATION

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission, will contain information relating to director and executive officer compensation, which information is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission, will contain information relating to security ownership of certain beneficial owners and management, which information is incorporated by reference herein.

The Proxy Statement will also contain information relating to our equity compensation plans, which information is incorporated by reference herein.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission, will contain information relating to certain relationships and related transactions between us and certain of our directors and executive officers, which information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Proxy Statement for our Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission, will contain information relating to the fees charged and services provided by Joseph Decosimo and Company, PLLC, our principal accountants during the last three fiscal years, and our pre-approval policy and procedures for audit and non-audit services, which information is incorporated by reference into this report.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K**

(a) The following documents are filed as part of this Report:

1. Financial Statements

| Description | Page Number in Report |
|--|--------------------------------------|
| Report of Independent Registered Public Accounting Firm | F-2 |
| Consolidated Balance Sheets as of December 31, 2006 and 2005 | F-3 |
| Consolidated Statements of Operations for the years ended December 31, 2006, 2005 and 2004 | F-4 |
| Consolidated Statements of Shareholders' Equity for the years ended December 31, 2006, 2005 and 2004 | F-5 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004 | F-6 |
| Notes to Consolidated Financial Statements | F-7 |

2. Financial Statement Schedules

The following Financial Statement Schedule for the Registrant is filed as part of this Report and should be read in conjunction with the Consolidated Financial Statements:

| Description | Page Number in Report |
|---|--------------------------------------|
| Schedule II - Valuation and Qualifying Accounts | S-1 |

All schedules, except those set forth above, have been omitted since the information required is included in the financial statements or notes or have been omitted as not applicable or not required.

3. Exhibits

The following exhibits are required to be filed with this Report by Item 601 of Regulation S-K:

| Description | Incorporated by Reference to Registration File Number | Form or Report | Date of Report | Exhibit Number in Report |
|---|--|---------------------------|---------------------------|---|
| 3.1 Charter, as amended, of the Registrant | — | 10-K | December 31, 2001 | 3.1 |
| 3.2 Bylaws of the Registrant | 33-79430 | S-1 | August 1994 | 3.2 |
| 10.1 Settlement Letter dated April 27, 1994 between Miller Group, Inc. and the Management Group | 33-79430 | S-1 | August 1994 | 10.7 |

| | | | | | |
|------|--|----------|-----|-------------|-------|
| 10.2 | Participants Agreement dated as of April 30, 1994 between the Registrant, Century Holdings, Inc., Century Wrecker Corporation, William G. Miller and certain former shareholders of Miller Group, Inc. | 33-79430 | S-1 | August 1994 | 10.11 |
|------|--|----------|-----|-------------|-------|

| | Description | Incorporated by Reference to Registration File Number | Form or Report | Date of Report | Exhibit Number in Report |
|-------|--|--|---------------------------|---------------------------|---|
| 10.3 | Form of Noncompetition Agreement between the Registrant and certain officers of the Registrant | 33-79430 | S-1 | August 1994 | 10.28 |
| 10.4 | Form of Nonexclusive Distributor Agreement | 33-79430 | S-1 | August 1994 | 10.31 |
| 10.5 | Miller Industries, Inc. Stock Option and Incentive Plan** | 33-79430 | S-1 | August 1994 | 10.1 |
| 10.6 | Form of Incentive Stock Option Agreement under Miller Industries, Inc. Stock Option and Incentive Plan** | 33-79430 | S-1 | August 1994 | 10.2 |
| 10.7 | Miller Industries, Inc. Non-Employee Director Stock Option Plan** | 33-79430 | S-1 | August 1994 | 10.4 |
| 10.8 | Form of Director Stock Option Agreement** | 33-79430 | S-1 | August 1994 | 10.5 |
| 10.9 | Employment Agreement dated October 14, 1993 between Century Wrecker Corporation and Jeffrey I. Badgley** | 33-79430 | S-1 | August 1994 | 10.29 |
| 10.10 | First Amendment to Employment Agreement between Century Wrecker Corporation and Jeffrey I. Badgley** | 33-79430 | S-1 | August 1994 | 10.33 |
| 10.11 | Form of Employment Agreement between Registrant and each of Messrs. Madonia and Mish** | — | Form 10-K | April 30, 1995 | 10.37 |
| 10.12 | First Amendment to Miller Industries, Inc. Non-Employee Director Stock Option Plan** | — | Form 10-K | April 30, 1995 | 10.38 |
| 10.13 | Second Amendment to Miller Industries, Inc. Non-Employee Director Stock Option Plan** | — | Form 10-K | April 30, 1996 | 10.39 |
| 10.14 | Second Amendment to Miller Industries, Inc. Stock Option and Incentive Plan** | — | Form 10-K | April 30, 1996 | 10.40 |
| 10.15 | | — | | July 31, 1997 | 10 |

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Employment Agreement dated July 8,
1997 between the Registrant and William
G. Miller**

Form
10-Q/A

| | | | | | |
|-------|---|---|-----------|----------------|-------|
| 10.16 | Guaranty Agreement Among NationsBank of Tennessee, N.A. and certain subsidiaries of Registrant dated January 30, 1998 | — | Form 10-K | April 30, 1998 | 10.37 |
| 10.17 | Stock Pledge Agreement Between NationsBank of Tennessee, N.A. and the Registrant dated January 30, 1998 | — | Form 10-K | April 30, 1998 | 10.38 |
| 10.18 | Stock Pledge Agreement Between NationsBank of Tennessee, N.A. and the certain subsidiaries of the Registrant dated January 30, 1998 | — | Form 10-K | April 30, 1998 | 10.39 |

| | Description | Incorporated by Reference to Registration File Number | Form or Report | Date of Report | Exhibit Number in Report |
|-------|---|--|---------------------------|---------------------------|---|
| 10.19 | Form of Indemnification Agreement dated June 8, 1998 by and between the Registrant and each of William G. Miller, Jeffrey I. Badgley, A. Russell Chandler, Paul E. Drack, Frank Madonia, J. Vincent Mish, Richard H. Roberts, and Daniel N. Sebastian** | — | Form 10-Q | September 14, 1998 | 10 |
| 10.20 | Employment Agreement between the Registrant and Jeffrey I. Badgley, dated September 11, 1998** | — | Form 10-Q | December 15, 1998 | 10.1 |
| 10.21 | Employment Agreement between the Registrant and Frank Madonia, dated September 11, 1998** | — | Form 10-Q | December 15, 1998 | 10.3 |
| 10.22 | Agreement between the Registrant and Jeffrey I. Badgley, dated September 11, 1998** | — | Form 10-Q | December 15, 1998 | 10.4 |
| 10.23 | Agreement between the Registrant and Frank Madonia, dated September 11, 1998** | — | Form 10-Q | December 15, 1998 | 10.6 |
| 10.24 | Amended and Restated Credit Agreement among the Registrant, its subsidiary and Bank of America, N.A. dated July 23, 2001 | — | Form 10-K | April 30, 2001 | 10.7 |
| 10.25 | First Amendment to the Amended and Restated Credit Agreement among the Registrant, its subsidiary and Bank of America, N.A. dated July 23, 2001 | — | Form 10-K | December 31, 2001 | 10.82 |
| 10.26 | Amended and Restated Intercreditor and Subordination Agreement by and among The CIT Group/Business Credit, Inc. and Bank of America, N.A. | — | Form 10-K | December 31, 2001 | 10.83 |
| 10.27 | Participation Agreement by and among the Company and its Subsidiaries, CIT Group/Business Credit and Bank of America, N.A. and William G. Miller dated October 31, 2003 | — | Form 10-Q | September 30, 2003 | 10.3 |

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| | | | | | |
|-------|--|---|----------|------------------|------|
| 10.28 | Modification of First Amendment to the Amended and Restated Intercreditor and Subordination Agreement by and among CIT Group, Inc., Bank of America, N.A., and Contrarian Funds, LLC dated December 24, 2003 | — | Form 8-K | January 20, 2004 | 10.3 |
| 10.29 | Second Amendment to the Amended and Restated Intercreditor and Subordination Agreement by and between CIT Group, Inc. and Contrarian Funds, LLC, dated December 24, 2003 | — | Form 8-K | January 20, 2004 | 10.4 |
| 10.30 | Amended and Restated Participation Agreement by and among the Registrant, CIT and William G. Miller, dated December 24, 2003 | — | Form 8-K | January 20, 2004 | 10.5 |
| 10.31 | Amendment No. 3 to Amended and Restated Credit Agreement by and among the Registrant, Contrarian Funds, LLC and Harbourside Investments, LLLP, dated as of January 14, 2004 | — | Form 8-K | January 20, 2004 | 10.6 |
| 10.32 | Exchange Agreement by and between the Registrant and Contrarian Funds, LLC, dated as of January 14, 2004 | — | Form 8-K | January 20, 2004 | 10.7 |

| | Description | Incorporated by Reference to Registration File Number | Form or Report | Date of Report | Exhibit Number in Report |
|-------|---|--|---------------------------|---------------------------|---|
| 10.33 | Exchange Agreement by and between the Registrant and Harbourside Investments, LLLP, dated as of January 14, 2004 | — | Form 8-K | January 20, 2004 | 10.8 |
| 10.34 | Registration Rights Agreement by and among the Registrant, Harbourside Investments, LLLP and Contrarian Funds, LLC, dated January 20, 2004 | — | Form 8-K | January 20, 2004 | 10.9 |
| 10.35 | Consent and Tenth Amendment to Credit Agreement by and between the Registrant and The CIT Group/Business Credit, Inc., dated November 22, 2004 | — | Form 10-K | December 31, 2004 | 10.100 |
| 10.36 | Amendment No. 4 to Amended and Restated Credit Agreement by and among the Registrant, Miller Industries Towing Equipment, Inc., Harbourside Investments, LLLP and certain guarantors set forth on the signature pages thereto, dated November 5, 2004 | — | Form 10-K | December 31, 2004 | 10.101 |
| 10.37 | Non-Employee Director Stock Plan** | — | Schedule 14A | January 23, 2004 | Annex A |
| 10.38 | Miller Industries, Inc. 2005 Equity Incentive Plan** | — | Schedule 14A | May 2, 2005 | Annex B |
| 10.39 | Credit Agreement, dated June 17, 2005, among Wachovia Bank, NA and the Registrant | — | Form 8-K | June 17, 2005 | 10.1 |
| 10.40 | Term Note, dated June 17, 2005, among Wachovia Bank, NA and the Registrant | — | Form 8-K | June 17, 2005 | 10.2 |
| 10.41 | Revolving Note, dated June 17, 2005, among Wachovia Bank, NA and the Registrant | — | Form 8-K | June 17, 2005 | 10.3 |
| 10.42 | Intercreditor Agreement, dated June 17, 2005, among Wachovia Bank, NA, and William G. Miller | — | Form 8-K | June 17, 2005 | 10.4 |
| 10.43 | | — | Form 8-K | June 17, 2005 | 10.5 |

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Security Agreement, dated June 17, 2005,
among Wachovia Bank, NA, and the
Registrant

| | | | | | |
|-------|---|---|----------|---------------|------|
| 10.44 | Subsidiary Security Agreement, dated June 17, 2005, among Wachovia Bank, NA, and the subsidiaries of the Registrant named therein | — | Form 8-K | June 17, 2005 | 10.6 |
| 10.45 | Pledge Agreement, dated June 17, 2005, among Wachovia Bank, NA, and the Registrant | — | Form 8-K | June 17, 2005 | 10.7 |
| 10.46 | Amendment No. 5 to Amended and Restated Credit Agreement, dated June 17, 2005, among the Registrant, Miller Industries Towing Equipment, Inc. and William G. Miller | — | Form 8-K | June 17, 2005 | 10.8 |
| 10.47 | Promissory Note, dated June 17, 2005, among the Registrant, Miller Industries Towing Equipment, Inc. and William G. Miller | — | Form 8-K | June 17, 2005 | 10.9 |

| | Description | Incorporated by Reference to Registration File Number | Form or Report | Date of Report | Exhibit Number in Report |
|------|---|--|---------------------------|-----------------------|---|
| 21 | Subsidiaries of the Registrant* | | | | |
| 23.1 | Consent of Joseph Decosimo and Company, PLLC* | | | | |
| 24 | Power of Attorney (see signature page)* | | | | |
| 31.1 | Certification Pursuant to Rules 13a-14(a)/15d-14(a) by Co-Chief Executive Officer* | | | | |
| 31.2 | Certification Pursuant to Rules 13a-14(a)/15d-14(a) by Co-Chief Executive Officer* | | | | |
| 31.3 | Certification Pursuant to Rule 13a-14(a)/15d-14(a) by Chief Financial Officer* | | | | |
| 32.1 | Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Co-Chief Executive Officer* | | | | |
| 32.2 | Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Co-Chief Executive Officer* | | | | |
| 32.3 | Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Chief Financial Officer* | | | | |

* Filed herewith.

** Management contract or compensatory plan or arrangement.

(b) The Registrant hereby files as exhibits to this Report the exhibits set forth in Item 15(a)3 hereof.

(c) The Registrant hereby files as financial statement schedules to this Report the financial statement schedules set forth in Item 15(a)2 hereof.

INDEX TO FINANCIAL STATEMENTS

| | |
|---|-----|
| <u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> | F-2 |
| <u>CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2006 AND 2005</u> | F-3 |
| <u>CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004</u> | F-4 |
| <u>CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004</u> | F-5 |
| <u>CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004</u> | F-6 |
| <u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u> | F-7 |
| <u>SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS</u> | S-1 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Miller Industries, Inc.
Ooltewah, Tennessee

We have audited the accompanying consolidated balance sheets of Miller Industries, Inc. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2006. These consolidated financial statements and financial statement schedule are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Miller Industries, Inc. and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Miller Industries, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 12, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of Miller Industries, Inc. and subsidiaries' internal control over financial reporting and an unqualified opinion on the effectiveness of Miller Industries, Inc. and subsidiaries' internal control over financial reporting.

/s/ Joseph Decosimo and Company, PLLC

Chattanooga, Tennessee
March 12, 2007

MILLER INDUSTRIES, INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND 2005****(In thousands, except share data)**

| | 2006 | 2005 |
|--|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and temporary investments | \$ 8,204 | \$ 6,147 |
| Accounts receivable, net of allowance for doubtful accounts of \$2,488 and \$1,834, at December 31, 2006 and 2005, respectively | 84,186 | 65,792 |
| Inventories | 43,155 | 38,318 |
| Prepaid expenses and other | 2,079 | 739 |
| Current deferred income taxes | 12,154 | — |
| Current assets of discontinued operations held for sale | — | 2,422 |
| Total current assets | 149,778 | 113,418 |
| PROPERTY, PLANT, AND EQUIPMENT, net | 27,527 | 17,443 |
| GOODWILL | 11,619 | 11,619 |
| DEFERRED INCOME TAXES | 7,586 | — |
| OTHER ASSETS | 922 | 1,443 |
| NONCURRENT ASSETS OF DISCONTINUED OPERATIONS HELD FOR SALE | — | 647 |
| | \$ 197,432 | \$ 144,570 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term obligations | \$ 1,623 | \$ 1,595 |
| Accounts payable | 58,620 | 45,352 |
| Accrued liabilities and other | 13,269 | 9,821 |
| Current liabilities of discontinued operations held for sale | — | 6,244 |
| Total current liabilities | 73,512 | 63,012 |
| LONG-TERM OBLIGATIONS, less current portion | 10,537 | 16,803 |
| COMMITMENTS AND CONTINGENCIES (Notes 3 and 6) | | |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, \$.01 par value; 5,000,000 shares authorized, none issued or outstanding | 0 | 0 |
| Common stock, \$.01 par value; 100,000,000 shares authorized, 11,509,964 and 11,297,474, outstanding at December 31, 2006 and 2005, respectively | 115 | 113 |
| Additional paid-in capital | 159,702 | 157,996 |
| Accumulated deficit | (48,539) | (93,882) |
| Accumulated other comprehensive income | 2,105 | 528 |
| Total shareholders' equity | 113,383 | 64,755 |
| | \$ 197,432 | \$ 144,570 |

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

(In thousands, except per share data)

| | 2006 | | 2005 | | 2004 |
|--|-------------------|----|-------------|----|-------------|
| NET SALES | \$ 409,421 | \$ | 351,884 | \$ | 236,308 |
| COSTS AND EXPENSES | | | | | |
| Costs of operations | 349,639 | | 301,943 | | 205,021 |
| Selling, general, and administrative expenses | 26,837 | | 24,293 | | 18,904 |
| Interest expense, net | 3,518 | | 4,012 | | 4,657 |
| Total costs and expenses | 379,994 | | 330,248 | | 228,582 |
| INCOME FROM CONTINUING OPERATIONS | | | | | |
| BEFORE INCOME TAXES | 29,427 | | 21,636 | | 7,726 |
| INCOME TAX PROVISION | 2,454 | | 2,936 | | 740 |
| INCOME FROM CONTINUING OPERATIONS | 26,973 | | 18,700 | | 6,986 |
| DISCONTINUED OPERATIONS | | | | | |
| Gain (loss) from discontinued operations, net of taxes | 126 | | (114) | | (1,511) |
| Tax benefit of advances to and investment in certain discontinued operations | (18,244) | | — | | — |
| Gain (loss) from discontinued operations | 18,370 | | (114) | | (1,511) |
| NET INCOME | \$ 45,343 | \$ | 18,586 | \$ | 5,475 |
| BASIC INCOME (LOSS) PER COMMON SHARE: | | | | | |
| Income from continuing operations | \$ 2.37 | \$ | 1.67 | \$ | 0.64 |
| Gain (loss) from discontinued operations | 1.62 | | (0.01) | | (0.14) |
| Basic income | \$ 3.99 | \$ | 1.66 | \$ | 0.50 |
| DILUTED INCOME (LOSS) PER COMMON SHARE: | | | | | |
| Income from continuing operations | \$ 2.33 | \$ | 1.63 | \$ | 0.64 |
| Gain (loss) from discontinued operations | 1.58 | | (0.01) | | (0.14) |
| Diluted income | \$ 3.91 | \$ | 1.62 | \$ | 0.50 |
| WEIGHTED AVERAGE SHARES OUTSTANDING: | | | | | |
| Basic | 11,360 | | 11,226 | | 10,860 |
| Diluted | 11,596 | | 11,474 | | 10,982 |

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

(In thousands, except share data)

| | Common Stock | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income | Total |
|--|-----------------|----------------------------------|------------------------|---|------------|
| BALANCE, December 31, 2003 | \$ 93 | \$ 145,090 | \$ (117,943) | \$ 757 | \$ 27,997 |
| Net income | — | — | 5,475 | — | 5,475 |
| Other comprehensive, net of tax: | | | | | |
| Foreign currency translation adjustments | — | — | — | 1,085 | 1,085 |
| Unrealized gain on financial instruments | — | — | — | 97 | 97 |
| Comprehensive income | — | — | 5,475 | 1,182 | 6,657 |
| Issuance of common stock for conversion and exchange of subordinated debt and warrants (1,317,700) | 13 | 7,527 | — | — | 7,540 |
| Issuance of common stock to unaffiliated private investors (480,000) | 5 | 4,230 | — | — | 4,235 |
| Issuance of common stock to non-employee directors (33,966) | 1 | 328 | — | — | 329 |
| Exercise of stock options (8,782) | — | 27 | — | — | 27 |
| BALANCE, December 31, 2004 | 112 | 157,202 | (112,468) | 1,939 | 46,785 |
| Net income | — | — | 18,586 | — | 18,586 |
| Other comprehensive, net of tax: | | | | | |
| Foreign currency translation adjustments | — | — | — | (1,468) | (1,468) |
| Unrealized gain on financial instruments | — | — | — | 57 | 57 |
| Comprehensive income (loss) | — | — | 18,586 | (1,411) | 17,175 |
| Issuance of common stock to non-employee directors (6,672) | — | 75 | — | — | 75 |
| Exercise of stock options (108,296) | 1 | 719 | — | — | 720 |
| BALANCE, December 31, 2005 | 113 | 157,996 | (93,882) | 528 | 64,755 |
| Net income | — | — | 45,343 | — | 45,343 |
| Other comprehensive, net of tax: | | | | | |
| Foreign currency translation adjustments | — | — | — | 1,577 | 1,577 |
| Comprehensive income | — | — | 45,343 | 1,577 | 46,920 |
| Issuance of common stock to non-employee directors (3,768) | — | 75 | — | — | 75 |
| Exercise of stock options (208,722) | 2 | 1,323 | — | — | 1,325 |
| Stock-based compensation expense | — | 308 | — | — | 308 |
| BALANCE, December 31, 2006 | \$ 115 | \$ 159,702 | \$ (48,539) | \$ 2,105 | \$ 113,383 |

The accompanying notes are an integral part of these consolidated statements.

F-5

MILLER INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

(In thousands)

| | 2006 | 2005 | 2004 |
|---|-----------|-----------|----------|
| OPERATING ACTIVITIES: | | | |
| Net income | \$ 45,343 | \$ 18,586 | \$ 5,475 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| (Gain) loss from discontinued operations | (126) | 114 | 1,511 |
| Tax benefit of advances to and investments in discontinued operations | (18,244) | — | — |
| Depreciation and amortization | 2,721 | 2,900 | 3,232 |
| Deferred tax benefit | (1,331) | — | — |
| Amortization of deferred financing costs | 123 | 340 | 798 |
| Provision for doubtful accounts | 1,065 | 827 | 567 |
| Stock-based compensation | 308 | — | — |
| Issuance of non-employee director shares | 75 | 75 | 329 |
| Loss on disposals of property, plant, and equipment | — | — | 10 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (18,898) | (17,667) | (11,199) |
| Inventories | (3,496) | (4,579) | (7,288) |
| Prepaid expenses and other | (1,390) | 839 | 285 |
| Other assets | (16) | (12) | (864) |
| Accounts payable | 12,090 | 9,952 | 1,271 |
| Accrued liabilities and other | (343) | 4,210 | 1,501 |
| Net cash provided by (used in) operating activities from continuing operations | 17,881 | 15,585 | (4,372) |
| Net cash provided by (used in) operating activities from discontinued operations | 247 | (2,225) | (1,341) |
| Net cash provided by (used in) operating activities | 18,128 | 13,360 | (5,713) |
| INVESTING ACTIVITIES: | | | |
| Purchases of property, plant, and equipment | (12,564) | (1,425) | (695) |
| Proceeds from sale of property, plant, and equipment | 98 | — | 15 |
| Payments received on notes receivables | 604 | 227 | 122 |
| Net cash used in investing activities from continuing operations | (11,862) | (1,198) | (558) |
| Net cash provided by investing activities from discontinued operations | 25 | 1,421 | 4,454 |
| Net cash (used in) provided by investing activities | (11,837) | 223 | 3,896 |
| FINANCING ACTIVITIES: | | | |
| Net borrowings under senior credit facility | — | 6,300 | — |
| (Payments) borrowings under junior credit facility | (5,000) | 5,707 | — |
| Payments on long-term obligations | (1,603) | (1,223) | (3,542) |
| Net (payments) borrowings under former credit facility | — | (18,903) | 3,093 |
| Borrowings under long-term obligations | 329 | — | 2,039 |
| Additions to deferred financing costs | (5) | (389) | (522) |

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| | | | |
|--|-----------------|----------|----------|
| Termination of interest rate swap | — | 57 | 96 |
| Proceeds from issuance of common stock | — | — | 4,235 |
| Proceeds from exercise of stock options | 1,325 | 720 | 27 |
| Net cash (used in) provided by financing activities from continuing operations | (4,954) | (7,731) | 5,426 |
| Net cash used in financing activities from discontinued operations | — | (2,511) | (7,910) |
| Net cash used in financing activities | (4,954) | (10,242) | (2,484) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND TEMPORARY INVESTMENTS | 697 | (557) | 293 |
| NET CHANGE IN CASH AND TEMPORARY INVESTMENTS | 2,034 | 2,784 | (4,008) |
| CASH AND TEMPORARY INVESTMENTS, beginning of year | 6,147 | 2,812 | 5,240 |
| CASH AND TEMPORARY INVESTMENTS-DISCONTINUED OPERATIONS, beginning of year | 23 | 574 | 2,154 |
| CASH AND TEMPORARY INVESTMENTS-DISCONTINUED OPERATIONS, end of year | — | 23 | 574 |
| CASH AND TEMPORARY INVESTMENTS, end of year | \$ 8,204 | \$ 6,147 | \$ 2,812 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | | |
| Debt conversion | \$ — | —\$ | 7,540 |
| Cash payments for interest | \$ 3,897 | \$ 3,875 | \$ 4,173 |
| Cash payments for income taxes | \$ 3,477 | \$ 865 | \$ 815 |

The accompanying notes are an integral part of these consolidated statements.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF OPERATIONS

Miller Industries, Inc. and subsidiaries (“the Company”) is the world’s largest manufacturer of vehicle towing and recovery equipment. The principal markets for the Company’s towing and recovery equipment are approximately 120 independent distributors and users of towing and recovery equipment located primarily throughout North America and other customers throughout the world. The Company’s products are marketed under the brand names of Century, Challenger, Holmes, Champion, Eagle, Jige, Boniface, Vulcan, and Chevron. As further described in Note 11, in 2002, the Company’s management and board of directors made the decision to divest the remainder of its towing services segment, as well as the operations of the distribution group of the towing and recovery equipment segment. At December 31, 2006, the Company had completed this process. Unless otherwise specifically stated, all disclosures in the following notes relate only to the Company’s continuing operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation

The accompanying consolidated financial statements include the accounts of Miller Industries, Inc. and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

Cash and Temporary Investments

Cash and temporary investments include all cash and cash equivalent investments with original maturities of three months or less.

Fair Value of Financial Instruments

The carrying values of cash and temporary investments, accounts receivable, accounts payable, and accrued liabilities are reasonable estimates of their fair values because of the short maturity of these financial instruments. The carrying values of long-term obligations are reasonable estimates of their fair values based on the rates available for obligations with similar terms and maturities.

Inventories

Inventory costs include materials, labor, and factory overhead. Inventories are stated at the lower of cost or market, determined on a first-in, first-out basis. Inventories at December 31, 2006 and 2005 consisted of the following (in thousands):

| | 2006 | 2005 |
|---------------|-------------|-------------|
| Chassis | \$ 3,596 | \$ 2,346 |
| Raw materials | 18,767 | 16,654 |

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| | | |
|-----------------|------------------|------------------|
| Work in process | 12,566 | 10,989 |
| Finished goods | 8,226 | 8,329 |
| | \$ 43,155 | \$ 38,318 |

F-7

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are used for income tax reporting purposes. Estimated useful lives range from 20 to 30 years for buildings and improvements and 5 to 10 years for machinery and equipment, furniture and fixtures, and software costs. Expenditures for routine maintenance and repairs are charged to expense as incurred. Internal labor is used in certain capital projects.

Property, plant, and equipment at December 31, 2006 and 2005 consisted of the following (in thousands):

| | 2006 | 2005 |
|-------------------------------|------------------|-------------|
| Land and improvements | \$ 3,247 | \$ 1,768 |
| Buildings and improvements | 24,389 | 19,298 |
| Machinery and equipment | 15,476 | 12,427 |
| Furniture and fixtures | 5,393 | 5,157 |
| Software costs | 6,695 | 6,420 |
| Construction in progress | 2,228 | — |
| | 57,428 | 45,070 |
| Less accumulated depreciation | (29,901) | (27,627) |
| | \$ 27,527 | \$ 17,443 |

The Company recognized \$2,608,000, \$2,760,000 and \$3,092,000, in depreciation expense in 2006, 2005 and 2004, respectively. In 2006, \$200,000 of interest costs were capitalized for construction period interest. No interest was capitalized in 2005.

The Company capitalizes costs related to software development in accordance with established criteria, and amortizes those costs to expense on a straight-line basis over five years. System development costs not meeting proper criteria for capitalization are expensed as incurred.

Basic and Diluted Income Per Common Share

Basic income per common share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted income per common share is calculated by dividing net income by the weighted average number of common and potential dilutive common shares outstanding. Diluted net income per common share takes into consideration the assumed exercise of outstanding stock options resulting in approximately 236,000, 248,000 and 122,000, potential dilutive common shares in 2006, 2005 and 2004, respectively. Options to purchase approximately 55,000, 151,000 and 310,000 shares of common stock were outstanding during 2006, 2005 and 2004, respectively, but were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive.

Goodwill and Long-Lived Assets

The Company accounts for goodwill in accordance with SFAS No. 141 “Business Combinations” and SFAS No. 142 “Goodwill and Other Intangible Assets,” and as such has ceased amortizing goodwill. In lieu of amortization the Company performs an annual impairment review of goodwill.

In accordance with SFAS No. 144, “Accounting for the Impairment of Long-Lived Assets”, management evaluates the carrying value of long-lived assets when significant adverse changes in economic value of these assets requires an analysis, including property and equipment and other intangible assets. Under SFAS No. 144, a long-lived asset is considered impaired when its fair value is less than its carrying value. In that event, a loss is calculated based on the amount the carrying value exceeds the fair value which is estimated based on future cash flows.

Patents, Trademarks, and Other Purchased Product Rights

The cost of acquired patents, trademarks, and other purchased product rights is capitalized and amortized using the straight-line method over various periods not exceeding 20 years. Total accumulated amortization of these assets was \$1,547,000 and \$1,434,000 at December 31, 2006 and 2005, respectively. Amortization expense in 2006, 2005 and 2004 was \$113,000, \$140,000 and \$140,000, respectively. At December 31, 2006, all intangible assets subject to amortization are fully amortized. As acquisitions and dispositions of intangible assets occur in the future, the amortization amounts may vary.

Deferred Financing Costs

All deferred financing costs are included in other assets and are amortized using the straight-line method over the terms of the respective obligations. Total accumulated amortization of deferred financing costs at December 31, 2006 and 2005 was \$197,000 and \$75,000, respectively. Amortization expense in 2006, 2005 and 2004, was \$123,000, \$340,000 and \$798,000, respectively, and is included in interest expense in the accompanying consolidated statements of operations. Based on the current amount of deferred financing costs subject to amortization, the estimated amortization expense in future years is as follows: 2007 – \$123,000; 2008 – \$68,000; 2009 – \$13,000; thereafter – \$0.

Accrued Liabilities and Other

Accrued liabilities and other consisted of the following at December 31, 2006 and 2005 (in thousands):

| | 2006 | 2005 |
|---|------------------|-----------------|
| Accrued wages, commissions, bonuses, and benefits | \$ 4,414 | \$ 4,153 |
| Accrued income taxes | 1,560 | 1,407 |
| Other | 7,295 | 4,261 |
| | \$ 13,269 | \$ 9,821 |

Stock-Based Compensation

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 123R, “Share-Based Payment” using the modified prospective transition method. This statement requires the determination of the fair-value of stock-based compensation at the grant date and the recognition of the related expense over the period in which the stock-based compensation vests. During 2006, the Company recorded \$308,000 in compensation expense related to its stock-based compensation. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Prior to the adoption of SFAS No. 123R, the Company accounted for stock-based compensation in accordance with Accounting Principles Bulletin (APB) No. 25, “Accounting for Stock Issued to Employees.” Under the provisions of APB No. 25, no compensation expense is recorded when the terms of the grant are fixed and the option exercise prices are equal to the market value of the common stock on the date of the grant. Disclosure-only provisions of SFAS No. 123 “Accounting for Stock-Based Compensation” were adopted. For SFAS No. 123 purposes, the fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions for grants in 2004: expected dividend yield of 0%; expected volatility of 43%; risk-free interest rate of 2.94%; and expected life of 5.5 years. Using these assumptions, the fair value of options granted in 2004 is approximately \$1,242,000, which would be amortized as compensation expense over the vesting period of the options. No options were granted during 2006 or 2005. Had compensation costs been accounted for based on the fair value at the grant dates consistent with SFAS No. 123, the Company’s prior year net income and net income per share would have been adjusted to the pro forma amounts indicated below:

| | 2005 | 2004 |
|---|---------------------------------------|-------------|
| | (in thousands, except per share data) | |
| Net income available to common stockholders, as reported | \$ 18,586 | \$ 5,475 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | (347) | (262) |
| Net income available to common stockholders, pro forma | \$ 18,239 | \$ 5,213 |
| Income per common share: | | |
| Basic, as reported | \$ 1.66 | \$ 0.50 |
| Basic, pro forma | \$ 1.62 | \$ 0.48 |
| Diluted, as reported | \$ 1.62 | \$ 0.50 |
| Diluted, pro forma | \$ 1.59 | \$ 0.48 |

At December 31, 2006, the Company had \$385,000 of unrecognized compensation expense related to stock options, with \$308,000 and \$77,000 to be expensed in 2007 and 2008, respectively. The Company issued approximately 209,000 shares of common stock during 2006 from the exercise of stock options.

Product Warranty

The Company provides a one-year limited product and service warranty on certain of its products. The Company provides for the estimated cost of this warranty at the time of sale. Warranty expense in 2006, 2005 and 2004, was \$1,716,000, \$1,744,000 and \$1,520,000, respectively.

The table below provides a summary of the warranty liability for December 31, 2006 and 2005 (in thousands):

| | 2006 | 2005 |
|----------------------------------|----------------|-------------|
| Accrual at beginning of the year | \$ 801 | \$ 665 |
| Provision | 1,716 | 1,744 |
| Settlement | (1,678) | (1,608) |
| Accrual at end of year | \$ 839 | \$ 801 |

Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and trade accounts receivable. The Company places its cash investments with high-quality financial institutions and limits the amount of credit exposure to any one institution. The Company's trade receivables are primarily from independent distributors of towing and recovery equipment. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses. The Company maintains security agreements on substantially all of its trade receivables.

Revenue Recognition

Revenue is recorded by the Company when the risk of ownership for products has transferred to the independent distributors or other customers, which is generally upon shipment.

Shipping and Handling Fees and Cost

The Company records revenues earned for shipping and handling as revenue, while the cost of shipping and handling is classified as cost of operation.

Foreign Currency Translation

The functional currency for the Company's foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date, historical rates for equity and the weighted average exchange rate during the period for revenue and expense accounts. The gains or losses resulting from such translations are included in shareholders' equity. For intercompany debt denominated in a currency other than the functional currency, the remeasurement into the functional currency is also included in shareholders' equity as the amounts are considered to be of a long-term investment nature.

Recent Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151 "Inventory Costs - an amendment of ARB No. 43, Chapter 4". This statement clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs and spoilage. This statement also requires the allocation of fixed production overhead costs be based on normal production capacity. The provisions of SFAS No. 151 are effective for inventory costs beginning in January 2006. The adoption of this statement did not have a material impact on the Company's results of operations or financial position.

In December 2004, the FASB issued FASB Staff Position No. 109-1, "Application of FASB Statement No. 109 (SFAS No. 109), Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" (FSP 109-1). FSP 109-1 clarifies that the manufacturer's deduction provided for under the American Jobs Creation Act of 2004 (AJCA) should be accounted for as a special deduction in accordance with SFAS No. 109 and not as a tax rate reduction. As the Company is currently utilizing net operating loss carryover to reduce taxable income, no benefit for the domestic manufacturing deduction has been provided in the financial statements.

Effective July 1, 2005, the Company adopted SFAS No. 153, "Exchanges of Nonmonetary Assets-an amendment of APB Opinion No. 29". SFAS No. 153 addresses the measurement of exchanges of nonmonetary assets. It eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29 "Accounting for Nonmonetary Transactions" and replaces it with an exception for exchanges that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The adoption of SFAS No. 153 did not have a material impact on the Company's financial statements.

In May 2005, the FASB issued SFAS No. 154. "Accounting Changes and Error Corrections" ("SFAS No. 154"), which replaces Accounting Principles Board ("APB") No. 20 "Accounting Changes", and SFAS No. 3. "Reporting Accounting Changes in Interim Financial Statements". SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle. The statement applies to all voluntary changes in accounting principle as well as changes required by an accounting pronouncement. SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable to determine the period-specific effects or the cumulative effect of the change. The statement was effective for accounting changes and correction of errors made after January 1, 2006, and did not have a material impact on the Company's financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also gives guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. FIN 48 is effective

for fiscal years beginning after December 31, 2006. We are in the process of evaluating the impact that FIN 48 will have on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 provides a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures regarding fair value measurements and the effect on earnings. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are in the process of evaluating the impact SFAS No. 157 will have on the Company's financial statements.

F-11

In September 2006, the U.S. Securities and Exchange Commission (“SEC”) released Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements,” (“SAB No. 108”), which provides interpretive guidance on the SEC’s views regarding the process of quantifying the materiality of financial statement misstatements. SAB No. 108 is effective for years ending after November 15, 2006. The application of SAB No. 108 did not have a material effect on the Company’s results of operations or financial position.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation, with no impact on previously reported shareholders’ equity or net income.

3. LONG-TERM OBLIGATIONS

Long-Term Obligations

Long-term obligations consisted of the following at December 31, 2006 and 2005 (in thousands):

| | 2006 | | 2005 |
|--|------------------|----|---------|
| Outstanding borrowings under Senior Credit Facility | \$ 4,900 | \$ | 6,300 |
| Outstanding borrowings under Junior Credit Facility | 5,000 | | 10,000 |
| Mortgage notes payable, weighted average interest rate of 8.25%, payable in monthly installments, maturing in 2009 | 1,844 | | 1,901 |
| Equipment notes payable, weighted average interest rate of 8.49%, payable in monthly installments, maturing 2007 to 2011 | 416 | | 187 |
| Other notes payable, maturing in 2006 | — | | 10 |
| | 12,160 | | 18,398 |
| Less current portion | (1,623) | | (1,595) |
| | \$ 10,537 | \$ | 16,803 |

Certain equipment and manufacturing facilities are pledged as collateral under the mortgage and equipment notes payable.

Credit Facilities

Senior Credit Facility. On June 17, 2005, the Company entered into a Credit Agreement (the “Senior Credit Agreement”) with Wachovia Bank, National Association, for a \$27.0 million senior secured credit facility (the “Senior Credit Facility”). Proceeds from the Senior Credit Facility were used to repay The CIT Group/Business Credit, Inc. (“CIT”) and William G. Miller, the Company’s Chairman of the Board and Co-Chief Executive Officer, under the Company’s former senior credit facility. As a result, effective June 17, 2005, the Company’s former senior credit facility was satisfied and terminated, and Mr. Miller no longer holds any of the Company’s senior debt.

The Senior Credit Facility consists of a \$20.0 million revolving credit facility (the “Revolver”), and a \$7.0 million term loan (the “Term Loan”). At December 31, 2006 and 2005, the Company had no borrowing outstanding under the revolving credit facility. In the absence of a default, all borrowings under the Revolver bear interest at the LIBOR Market Index Rate (as defined in the Senior Credit Agreement) plus a margin of between 1.75% to 2.50% per annum that is subject to adjustment from time to time based upon the Consolidated Leverage Ratio (as defined in the Senior Credit Agreement), and the Term Loan bears interest at a 30-day adjusted LIBOR rate plus a margin of between 1.75% to 2.50% per annum that is subject to adjustment from time to time based upon the Consolidated Leverage Ratio. The Revolver expires on June 15, 2008, and the Term Loan matures on June 15, 2010. The Senior Credit

Facility is secured by substantially all of the Company's assets, and contains customary representations and warranties, events of default and affirmative and negative covenants for secured facilities of this type.

F-12

Junior Credit Facility. William G. Miller is the sole lender under the Company's Junior Credit Facility. The Company's Junior Credit Facility is, by its terms, expressly subordinated only to the Senior Credit Facility, and is secured by a second priority lien and security interest in substantially all of the Company's other assets. The Junior Credit Facility matures on September 17, 2008, and contains certain representations and warranties, and covenants and events of default consistent with the representations and warranties, covenants and events of default in the Senior Credit Agreement. In the absence of a default, all of the term loans outstanding under the Junior Credit Facility bear interest at a rate of 9.0% per annum.

In May 2006, the Company repaid \$5.0 million of the subordinated debt under the Junior Credit Facility using additional borrowings under the Senior Credit Facility Revolver.

Interest Rate Sensitivity. Because of the amount of obligations outstanding under the Senior Credit Facility and the connection of the interest rate under the Senior Credit Facility (including the default rates) to the LIBOR rate, an increase in the LIBOR rate could have an effect on the Company's ability to satisfy its obligations under the Senior Credit Facility and increase its interest expense. Therefore, the Company's liquidity and access to capital resources could be further affected by increasing interest rates.

Future maturities of long-term obligations at December 31, 2006 are as follows (in thousands):

| | |
|------|-----------|
| 2007 | \$ 1,623 |
| 2008 | 6,593 |
| 2009 | 3,222 |
| 2010 | 715 |
| 2011 | 7 |
| | \$ 12,160 |

4. RELATED PARTY TRANSACTIONS

Credit Facilities

Former Senior Credit Facility. Under the Company's former senior credit facility, which was structured as a \$15.0 million revolving facility and \$12.0 million and \$5.0 million term loans, CIT and William G. Miller constituted the senior lenders to the Company, with CIT holding 62.5% of such loan and Mr. Miller participating in 37.5% of the loan. Mr. Miller's portion of the loan was subordinated to that of CIT. The Company paid Mr. Miller approximately \$664,000 and \$949,000 in interest expense related to his portion of the former senior credit facility during 2005 and 2004, respectively.

Senior Credit Facility. On June 17, 2005, the Company entered into the Senior Credit Agreement with Wachovia Bank, National Association, for the Senior Credit Facility (as described in Note 3). Proceeds from the Senior Credit Facility were used to repay CIT and Mr. Miller under the Company's former senior credit facility, with CIT receiving \$14.1 million and Mr. Miller receiving \$12.0 million. As a result, effective June 17, 2005, the Company's former senior credit facility was satisfied and terminated, and Mr. Miller no longer holds any of the Company's senior debt. This transaction was approved by the Audit Committee of the Company's Board of Directors, as well as the full Board of Directors with Mr. Miller abstaining due to his personal interest in the transaction.

Amendments to Junior Credit Facility. On May 31, 2005, Harbourside Investments, LLLP, a limited liability limited partnership of which several of the Company's executive officers and directors were partners, and which was the former lender under the Company's Junior Credit Facility, was dissolved, and in connection therewith, Mr. Miller, as successor lender agent to Harbourside, became the sole lender under the Junior Credit Facility. On June 17, 2005, the Company and Mr. Miller amended the Junior Credit Facility to provide for a new term loan, made by Mr. Miller as

sole lender and successor lender agent, in the principal amount of approximately \$5.7 million. As a result, on June 17, 2005, the total outstanding principal amount of term loans under the Junior Credit Facility was \$10.0 million. This transaction was approved by the Audit Committee of the Company's Board of Directors, as well as the full Board of Directors with Mr. Miller abstaining due to his personal interest in the transaction. In 2005, the Company paid Harbourside \$211,000 in interest on the Junior Credit Facility prior to its dissolution and \$274,000 in 2004. Additionally, Mr. Miller received approximately \$684,000 and \$415,000 in interest expense on the Junior Credit Facility for 2006 and 2005, respectively. Approximately \$39,000 and \$77,000 is included in accrued liabilities for unpaid interest on the Junior Credit Facility at December 31, 2006 and 2005, respectively.

F-13

In May 2006, the Company repaid \$5.0 million of subordinated debt under the Junior Credit Facility. This payment was approved by the Audit Committee of the Company's Board of Directors and by the full Board of Directors with Mr. Miller abstaining due to his personal interest in the transaction.

DataPath, Inc.

In October 2004, the Company began a project with DataPath, Inc ("DataPath"), a provider of satellite communications, to assist in the design and engineering of mobile communication trailers for military applications. DataPath is a company in which Mr. Miller and one of the Company's directors held a minority interest and on whose board they also served. In May 2005, the Company entered into a new agreement with DataPath calling for the Company to manufacture and sell to them all of their requirements for this type of equipment during the five-year term of the agreement. As of June 30, 2006, Mr. Miller and the Company's other director resigned from DataPath's board, and had reduced their collective interest in DataPath to less than 4% of its total shares outstanding. Total revenue to the Company from these related party transactions for the six months ended June 30, 2006 was \$5,649,000, and \$23,727,000 and \$861,000 for the years ended December 31, 2005 and 2004, respectively. At December 31, 2005, approximately \$2,311,000 was included in accounts receivable for amounts due from DataPath. The Company continues to conduct business with DataPath as part of its normal course of operations.

5. STOCK-BASED COMPENSATION PLANS

In accordance with the Company's stock-based compensation plans, the Company may grant incentive stock options as well as non-qualified and other stock-related incentives to officers, employees, and non-employee directors of the Company. Options vest ratably over a two to four-year period beginning on the grant date and expire ten years from the date of grant. Shares available for granting options at December 31, 2006, 2005 and 2004 were approximately 1.1 million, 0.9 million and 0.6 million, respectively.

A summary of the activity of stock options for the years ended December 31, 2006, 2005 and 2004, is presented below (shares in thousands):

| | 2006 | | 2005 | | 2004 | |
|--|---------------------------|--|---------------------------|--|---------------------------|--|
| | Shares Under Option | Weighted Average Exercise Price | Shares Under Option | Weighted Average Exercise Price | Shares Under Option | Weighted Average Exercise Price |
| Outstanding at Beginning of Period | 574 | \$ 15.92 | 805 | \$ 15.46 | 745 | \$ 19.90 |
| Granted | — | — | — | — | 340 | 8.31 |
| Exercised | (216) | 6.90 | (108) | 6.67 | (9) | 3.15 |
| Forfeited and cancelled | (54) | 43.60 | (123) | 20.96 | (271) | 17.99 |
| Outstanding at End of Period | 304 | \$ 17.39 | 574 | \$ 15.92 | 805 | \$ 15.46 |
| Options exercisable at year end | 138 | \$ 28.39 | 321 | \$ 21.90 | 455 | \$ 21.12 |
| Weighted average fair value of options granted | | \$ — | | \$ — | | \$ 3.65 |

A summary of options outstanding under the Company's stock-based compensation plans at December 31, 2006 is presented below (shares in thousands):

| Exercise Price Range | Shares Under Option | Weighted Average Exercise Price of Options Outstanding | Weighted Average Remaining Life | Options Exercisable | Weighted Average Exercise Price of Shares Exercisable |
|----------------------|---------------------|--|---------------------------------|---------------------|---|
| \$ 3.05 - \$ 3.37 | 6 | \$ 3.05 | 4.9 | 6 | \$ 3.05 |
| 8.31 - 10.94 | 199 | 8.40 | 7.1 | 33 | 8.87 |
| 20.63 - 22.50 | 42 | 20.63 | 1.7 | 42 | 20.63 |
| 32.50 - 35.31 | 35 | 35.29 | 1.5 | 35 | 35.29 |
| 49.06 - 73.13 | 20 | 69.27 | 0.4 | 20 | 69.27 |
| 75.63 - 78.75 | 2 | 77.19 | 0.4 | 2 | 77.19 |
| Total | 304 | \$ 17.39 | 5.2 | 138 | \$ 28.39 |

6. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has entered into various operating leases for buildings, office equipment, and trucks. Rental expense under these leases for continuing operations was \$1,572,000, \$1,308,000 and \$850,000 in 2006, 2005 and 2004, respectively. Rental expense under these leases for discontinued operations was \$2,000, \$221,000 and \$551,000 in 2006, 2005 and 2004, respectively.

At December 31, 2006 future minimum lease payments under non-cancelable operating leases for the next five years and in the aggregate are as follows (in thousands):

| | |
|------------|----------|
| 2007 | \$ 1,011 |
| 2008 | 655 |
| 2009 | 414 |
| 2010 | 352 |
| 2011 | 168 |
| Thereafter | 384 |
| | \$ 2,984 |

The Company has also entered into arrangements with third-party lenders where it has agreed, in the event of a default by the customer, to repurchase from the third-party lender Company products repossessed from the customer. These arrangements are typically subject to a maximum repurchase amount. The Company's risk under these arrangements is mitigated by the value of the products repurchased as part of the transaction. The maximum amount of collateral the Company could be required to purchase was approximately \$27.5 million and \$18.4 million at December 31, 2006 and 2005, respectively.

At December 31, 2006, the Company had commitments of \$2.8 million for the construction and acquisition of property and equipment related to the modernization of the domestic manufacturing facilities.

Contingencies

The Company is, from time to time, a party to litigation arising in the normal course of its business. Litigation is subject to various inherent uncertainties, and it is possible that some of these matters could be resolved unfavorably to the Company, which could result in substantial damages against the Company. The Company has established accruals for matters that are probable and reasonably estimable and maintains product liability and other insurance that management believes to be adequate. Management believes that any liability that may ultimately result from the resolution of these matters in excess of available insurance coverage and accruals will not have a material adverse effect on the consolidated financial position or results of operations of the Company.

F-15

7. INCOME TAXES

Deferred tax assets and liabilities are determined based on the differences between the financial and tax basis of existing assets and liabilities using the currently enacted tax rates in effect for the year in which the differences are expected to reverse.

The provision for income taxes on income consisted of the following in 2006, 2005 and 2004, (in thousands):

| | 2006 | 2005 | 2004 |
|-------------------------------|-----------------|----------|--------|
| Current: | | | |
| Federal | \$ — | \$ 423 | \$ — |
| State | 1,426 | 1,647 | 317 |
| Foreign | 2,359 | 866 | 423 |
| | 3,785 | 2,936 | 740 |
| Deferred: | | | |
| Federal | 6,003 | — | — |
| State | 1,479 | — | — |
| Change in valuation allowance | (8,813) | — | — |
| | (1,331) | — | — |
| | \$ 2,454 | \$ 2,936 | \$ 740 |

The principal differences between the federal statutory tax rate and the income tax expense in 2006, 2005 and 2004:

| | 2006 | 2005 | 2004 |
|---|-------------|---------|---------|
| Federal statutory tax rate | 35.0% | 34.0% | 34.0% |
| State taxes, net of federal tax benefit | 3.2% | 7.6% | 4.0% |
| Change in deferred tax asset valuation allowance | (29.9)% | (30.6)% | (34.0)% |
| Excess of foreign tax over US tax on foreign income | 1.3% | 0.6% | 4.9% |
| Other | (1.3)% | 2.0% | 0.7% |
| Effective tax rate | 8.3% | 13.6% | 9.6% |

Deferred income tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting and income tax reporting purposes. Temporary differences and carry forwards which give rise to deferred tax assets and liabilities at December 31, 2006 and 2005 are as follows (in thousands):

| | 2006 | 2005 |
|--|-----------|---------|
| Deferred tax assets: | | |
| Allowance for doubtful accounts | \$ 80 | \$ 51 |
| Accruals and reserves | 3,162 | 2,160 |
| Net operating loss carryforward | 16,697 | 5,484 |
| Deductible goodwill and impairment charges | 52 | 58 |
| Other | 362 | 628 |
| Total deferred tax assets | 20,353 | 8,381 |
| Less valuation allowance | — | (7,638) |
| Net deferred tax asset | 20,353 | 743 |
| Deferred tax liabilities: | | |
| Property, plant, and equipment | 613 | 743 |
| Total deferred tax liabilities | 613 | 743 |
| Net deferred tax asset | \$ 19,740 | \$ — |

Included in the Company's noncurrent assets of discontinued operations at December 31, 2005 is a net noncurrent deferred tax asset of \$1.2 million relating primarily to tax deductible goodwill and reserves that are not deductible for tax purposes until paid. The discontinued operations of the Company had no noncurrent deferred tax liabilities at December 31, 2005. The net deferred tax assets of the discontinued operations of \$1.2 million had a full valuation allowance reflected against them.

As of December 31, 2006, the Company had federal net operating loss carryforwards of approximately \$44.6 million which will expire between 2012 and 2026. The federal net operating loss carryforwards are comprised primarily of losses from advances to and investments in certain discontinued operations resulting from the RoadOne liquidation. See Note 11 for further discussion. In addition, the Company had charitable contributions of \$0.3 million that may be carried forward, and an AMT credit carryforward of approximately \$0.2 million, that may be carried forward indefinitely.

In 2005 and 2004, the Company had maintained a valuation allowance reflecting the Company's recognition that cumulative losses in recent years indicated that it was unclear whether certain future tax benefits would be realized as a result of future taxable income. At December 31, 2005 and 2004, the Company recorded a full valuation allowance against its net deferred tax asset from continuing and discontinuing operations totaling approximately \$8.8 million and \$16.2 million, respectively. During 2006, the Company concluded that the valuation allowance on the deferred tax asset was no longer necessary given the Company's sustained income and growth throughout the year and the favorable projected earnings outlook. A tax benefit of \$8.8 million was recognized in 2006 as a result of the reversal of the valuation allowance.

As of December 31, 2006, the Company has state net operating loss carryforwards of approximately \$24.1 million.

8. PREFERRED STOCK

The Company has authorized 5,000,000 shares of undesignated preferred stock which can be issued in one or more series. The terms, price, and conditions of the preferred shares will be set by the board of directors. No shares have been issued.

9. EMPLOYEE BENEFIT PLANS

The Company maintains a contributory retirement plan for all full-time employees with at least 90 days of service. The plan is designed to provide tax-deferred income to the Company's employees in accordance with the provisions of

Section 401 (k) of the Internal Revenue Code.

F-17

The plan provides that each participant may contribute up to 15% of his or her salary. For 2005, the Company matched 33.33% of the first 3% of participant contributions and for 2006 matched 50.00% of the first 4% of participant contributions. Matching contributions vest over the first five years of employment. Company contributions to the plans were not significant in 2006, 2005 and 2004.

10. GEOGRAPHIC AND CUSTOMER INFORMATION

Net sales and long-lived assets (property, plant and equipment and goodwill and intangible assets) by region was as follows (revenue is attributed to regions based on the locations of customers) (in thousands):

| | 2006 | | 2005 | | 2004 | |
|---------------|------------|-------------------|------------|-------------------|------------|-------------------|
| | Net Sales | Long-Lived Assets | Net Sales | Long-Lived Assets | Net Sales | Long-Lived Assets |
| North America | \$ 333,300 | \$ 36,455 | \$ 283,226 | \$ 26,665 | \$ 196,902 | \$ 28,026 |
| Foreign | 76,121 | 2,691 | 68,658 | 2,509 | 39,406 | 2,607 |
| | \$ 409,421 | \$ 39,146 | \$ 351,884 | \$ 29,174 | \$ 236,308 | \$ 30,633 |

No single customer accounted for 10% or more of consolidated net sales in 2006, 2005 or 2004.

11. DISCONTINUED OPERATIONS

In 2002, the Company's management and board of directors made the decision to divest of its remaining towing services segment, as well as the operations of the distribution group of the towing and recovery equipment segment. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the assets for the towing services segment and the distribution group were considered a "disposal group" and were no longer being depreciated. All assets and liabilities and results of operations associated with these assets were separately presented in the Company's financial statements at December 31, 2005, and 2004 as discontinued operations separate from continuing operations. Results of operations for the towing services segment and the distribution group reflect interest expense for debt directly attributing to these businesses, as well as an allocation of corporate debt.

In October 2005, the Company's subsidiary, RoadOne, Inc., filed for liquidation under Chapter 7 of the federal bankruptcy laws in the Bankruptcy Court of the Eastern District of Tennessee and a trustee was appointed. In December 2006, the trustee's final report was approved by the United States trustee, and the parties are awaiting receipt of the final decree from the court. Upon RoadOne, Inc.'s liquidation from bankruptcy, we recognized a pre-tax, non-cash gain on deconsolidation of RoadOne, Inc. in the amount of \$126,000. In addition, a tax benefit of \$18,244,000 was recognized in 2006 related to deductible losses from excess tax basis of advances to and investments in certain discontinued operations.

The operating results for the discontinued operations of the towing services segment and the distributor group for the years ended December 31, 2006, 2005 and 2004 were as follows (in thousands):

| | 2006 | | | 2005 | | | 2004 | | |
|-------------------------|-------|--------|-------|-----------|--------|-----------|-----------|--------|-----------|
| | Dist. | Towing | Total | Dist. | Towing | Total | Dist. | Towing | Total |
| Net Sales | \$ — | \$ — | \$ — | \$ 11,460 | \$ — | \$ 11,460 | \$ 37,810 | \$ — | \$ 37,810 |
| Operating income (loss) | — | — | — | (134) | 16 | (118) | (659) | (111) | (770) |
| | — | 126 | 126 | (114) | — | (114) | (1,244) | (127) | (1,371) |

Income (loss) before
taxes

Net income (loss) from
discontinued
operations

| | | | | | | | | | |
|----|---|-----------|-----------|-------|---|-------|---------|-------|---------|
| \$ | — | \$ 18,370 | \$ 18,370 | (114) | — | (114) | (1,276) | (235) | (1,511) |
|----|---|-----------|-----------|-------|---|-------|---------|-------|---------|

F-18

Upon deconsolidation of RoadOne, Inc., the Company had no discontinued assets or liabilities on the balance sheet at December 31, 2006. The following assets and liabilities are classified as held for sale at December 31, 2005 (in thousands):

| | Dist. | | 2005 Towing | | Total |
|---|--------------|----|------------------------|----|--------------|
| Cash and temporary investments | \$ 23 | \$ | — | \$ | 23 |
| Accounts receivable, net | 1,774 | | 401 | | 2,175 |
| Inventories | 187 | | — | | 187 |
| Prepaid expenses and other current assets | 37 | | — | | 37 |
| Current assets of discontinued operations held for sale | \$ 2,021 | \$ | 401 | \$ | 2,422 |
| Property, plant and equipment | \$ — | \$ | 647 | \$ | 647 |
| Noncurrent assets of discontinued operations held for sale | \$ — | \$ | 647 | \$ | 647 |
| Current portion of long-term debt | \$ — | \$ | — | \$ | — |
| Other current liabilities | 273 | | 5,971 | | 6,244 |
| Current liabilities of discontinued operations held for sale | \$ 273 | \$ | 5,971 | \$ | 6,244 |
| Long-term debt | \$ — | \$ | — | \$ | — |
| Noncurrent liabilities of discontinued operations held for sale | \$ — | \$ | — | \$ | — |

12. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 2006 and 2005 (in thousands, except per share data):

| | Net Sales | Operating Income | Gain (Loss) From Discontinued Operations | Net Income⁽¹⁾ | Basic Income Per Share | Diluted Income Per Share |
|----------------|------------------|-----------------------------|---|-------------------------------------|---------------------------------------|---|
| <i>2006</i> | | | | | | |
| First Quarter | \$ 93,436 | \$ 7,561 | \$ — | \$ 5,883 | \$ 0.52 | \$ 0.51 |
| Second Quarter | 91,923 | 7,461 | — | 5,542 | 0.49 | 0.48 |
| Third Quarter | 107,364 | 8,504 | — | 6,686 | 0.59 | 0.58 |
| Fourth Quarter | 116,699 | 9,420 | 18,370 | 27,232 | 2.39 | 2.34 |
| Total | \$ 409,421 | \$ 32,945 | \$ 18,370 | \$ 45,343 | \$ 3.99 | \$ 3.91 |
| <i>2005</i> | | | | | | |
| First Quarter | \$ 76,896 | \$ 3,476 | \$ (46) | \$ 2,025 | \$ 0.19 | \$ 0.18 |
| Second Quarter | 92,938 | 7,302 | (34) | 5,165 | 0.46 | 0.45 |
| Third Quarter | 89,480 | 7,214 | (30) | 5,422 | 0.49 | 0.47 |
| Fourth Quarter | 92,570 | 7,656 | (4) | 5,974 | 0.52 | 0.52 |
| Total | \$ 351,884 | \$ 25,648 | \$ (114) | \$ 18,586 | \$ 1.66 | \$ 1.62 |

(1) Net income for the fourth quarter of 2006 was effected by the recognition of a deferred tax asset as described in Note 7.

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

| | Balance at Beginning of Period | Charged to Expenses (In Thousands) | Accounts Written Off | Balance at End of Period |
|---------------------------------|---|---|---------------------------------|---|
| Year ended December 31, 2004: | | | | |
| Deduction from asset accounts: | | | | |
| Allowance for doubtful accounts | \$ 1,062 | 567 | (513) | \$ 1,116 |
| Year ended December 31, 2005: | | | | |
| Deduction from asset accounts: | | | | |
| Allowance for doubtful accounts | \$ 1,116 | 827 | (109) | \$ 1,834 |
| Year ended December 31, 2006: | | | | |
| Deduction from asset accounts: | | | | |
| Allowance for doubtful accounts | \$ 1,834 | 1,065 | (411) | \$ 2,488 |

| | Balance at Beginning of Period | Charged to Expense (In Thousands) | Claims | Balance at End of Period |
|-------------------------------|---|--|---------------|---|
| Year ended December 31, 2004: | | | | |
| Product Warranty Reserve: | \$ 639 | 1,520 | (1,494) | \$ 665 |
| Year ended December 31, 2005: | | | | |
| Product Warranty Reserve: | \$ 665 | 1,744 | (1,608) | \$ 801 |
| Year ended December 31, 2006: | | | | |
| Product Warranty Reserve: | \$ 801 | 1,716 | (1,678) | \$ 839 |

S-1

| | Balance at Beginning of Period | Additions (Reductions) (In Thousands) | Balance at End of Period |
|-----------------------------------|---|--|-------------------------------------|
| Year ended December 31, 2004: | | | |
| Deferred Tax Valuation Allowance: | \$ 13,299 | 2,889 | \$ 16,188 |
| Year ended December 31, 2005: | | | |
| Deferred Tax Valuation Allowance: | \$ 16,188 | (7,375) | \$ 8,813 |
| Year ended December 31, 2006: | | | |
| Deferred Tax Valuation Allowance: | \$ 8,813 | (8,813) | \$ 0 |

Note: The Allowance for Doubtful Accounts and Product Warranty Reserve tables above reflect activity for continuing operations for the years ended December 31, 2006, 2005 and 2004. The Deferred Tax Valuation Allowance table reflects consolidated operations for all periods presented.

S-2

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, on the 14th day of March, 2007.

MILLER INDUSTRIES, INC.

By: /s/ Jeffrey I. Badgley

Jeffrey I. Badgley
President, Co-Chief Executive Officer and Director

Know all men by these presents, that each person whose signature appears below constitutes and appoints Jeffrey I. Badgley as attorney-in-fact, with power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact may do or cause to be done by virtue hereof.

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 in the capacities indicated on the 14th day of March, 2007.

| Signature | Title |
|--|--|
| /s/ William G. Miller William G. Miller | Chairman of the Board of Directors and Co-Chief Executive Officer |
| /s/ Jeffrey I. Badgley Jeffrey I. Badgley | President, Co-Chief Executive Officer and Director |
| /s/ J. Vincent Mish J. Vincent Mish | Executive Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer) |
| /s/ A. Russell Chandler, III A. Russell Chandler, III | Director |
| /s/ Paul E. Drack Paul E. Drack | Director |
| /s/ Richard H. Roberts Richard H. Roberts | Director |

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|--|
| 21 | Subsidiaries of the Registrant |
| 23.1 | Consent of Joseph Decosimo and Company, PLLC |
| 24 | Power of Attorney (see signature page) |
| 31.1 | Certification Pursuant to Rules 13a-14(a)/15d-14(a) by Co-Chief Executive Officer |
| 31.2 | Certification Pursuant to Rules 13a-14(a)/15d-14(a) by Co-Chief Executive Officer |
| 31.3 | Certification Pursuant to Rules 13a-14(a)/15d-14(a) by Chief Financial Officer |
| 32.1 | Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Co-Chief Executive Officer |
| 32.2 | Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Co-Chief Executive Officer |
| 32.3 | Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of United States Code by Chief Financial Officer |
