MILLER INDUSTRIES INC /TN/
Form 10-K
March 11, 2009

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

OR

o 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. 001-14124

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

(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.

o Yes x 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.

o Yes x 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.

x Yes o 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. o

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

Large Accelerated Filer o	Accelerated Filer x
Non-accelerated Filer o	Smaller Reporting Company o

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

o Yes x 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, 2008 (the last business day of the registrant's most recently completed second fiscal quarter) was $100,135,639 (based on 10,053,779 shares held by non-affiliates at $9.96 per share, the last sale price reported on the New York Stock Exchange on June 28, 2008).

At March 9, 2009 there were 11,608,360 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 2009 Annual Meeting of Shareholders which is to be filed pursuant to Regulation 14A.

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CERTAIN FACTORS AFFECTING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report, including but not limited to statements made in 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," "intend," "seek," "estimate," "predict," "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 based on our management's beliefs 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, economic and market conditions, the risks related to the general economic health of our customers and their access to capital and credit to fund purchases, changes in fuel and other transportation costs, the cyclical nature of our industry, our dependence on outside suppliers of raw materials, changes in the cost of aluminum, steel and related raw materials, and those other risks referenced herein, including those risks referred to in this report, in Part I, Item 1A–"Risk Factors" and those risks discussed in our filings with the Securities and Exchange Commission 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 products.

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

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. We also manufacture a line of transport trailers.

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, the Middle East, South America and Africa. 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 remote control devices for operating wreckers. In addition, certain light duty wreckers are equipped with automatic wheellift hookup devices 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 classified as either 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 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. Many 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, transport 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. Many professional towing operators have added auto transport trailers to their fleets to add to their towing capabilities. Also, we 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 20 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, ranging from 8-ton light duty to 50-ton heavy duty models, and car carriers. 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 heavy duty wreckers with capacities ranging from 8 to 75 tons. 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, a 16-ton rotator and a detachable towing unit (DTU). 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 19 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.

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, as well as wreckers ranging from 8-ton to 16-ton models. 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.

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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 premium 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 premium heavy duty wreckers marketed primarily in Europe. Boniface produces 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. In addition, during the past several years, we have also begun to produce wrecker bodies using composites and other non-metallic materials. After the frame is formed, components such as hydraulic cylinders, winches, valves and pumps, which are purchased by us from third-party suppliers, are 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. In recent years prices have fluctuated significantly, but 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 services our network of independent distributors and 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.

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 2008, 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 serve as the official recovery team for many automobile racing events, including NASCAR races at Daytona, Talladega, Richmond, Chicago, Kansas, California, Michigan and Darlington, the 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, regional and international trade shows. In order to focus our marketing efforts and to control marketing costs, we concentrate our efforts on the major trade shows each year, and 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.

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 the final decree was entered on June 19, 2007. 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 760 people as of December 31, 2008. 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 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 Wheellift," "Pro St "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.

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	62	Chairman of the Board and Co-Chief Executive Officer
Jeffrey I. Badgley	56	President and Co-Chief Executive Officer
Frank Madonia	60	Executive Vice President, Secretary and General Counsel
J. Vincent Mish	58	Executive Vice President, Chief Financial Officer and Treasurer

William G. Miller has served as Chairman of the Board since April 1994 and our Co-Chief Executive Officer since October 2003. 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 Mr. 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 and changes in consumer confidence and in economic conditions in general. Adverse changes or continued uncertainty with respect to these factors may lead to a downturn in our business.

The towing and recovery industry is cyclical in nature and historically the industry has been affected by changes in consumer confidence and in economic conditions in general. The current global financial crisis and extreme volatility and disruption in domestic and international capital and credit markets have caused significant erosion in consumer confidence. As a result, the overall demand for our products has been materially and negatively affected, and the level of future sales of our products is uncertain. A prolonged economic downturn, and slow or negative growth in the domestic and global economy, may continue to have a material adverse effect on our business, financial condition and results of operations for the foreseeable future.

Our demand from our customers and towing operators is affected by the availability of capital and access to credit.

The ability of our customers and of towing operators to purchase our products is affected by the availability of capital and credit to them. Our customers rely on floor plan financing in connection with the purchase of our products, and the availability of that financing on acceptable terms has a direct effect on the volume of their purchases. Additionally, in many cases, a towing operator’s decision to purchase our products from one of our distributors is dependent upon their ability to obtain financing upon acceptable terms. Recent volatility and disruption in the capital and credit markets, principally in the U.S. and Europe, has decreased the availability of capital to, and credit capacity of, our customers and of towing operators. In addition, at least one provider of floor plan financing has exited the market, making floor plan financing increasingly difficult for our customers to secure. This reduced availability of capital and credit has negatively affected the ability and capacity of our customers and of towing operators to purchase towing and related equipment. This, in turn, has negatively impacted sales of our products. If customers are unable to access capital or credit, it could materially and adversely affect our ability to sell our products, and as a result, could negatively affect our business and operating results.

Overall demand from our customers may be affected by increases in their fuel and insurance costs and changes in weather conditions.

In recent years, our customers have experienced substantial increases in fuel and other transportation costs, and in the cost of insurance, and while many of these costs have moderated in recent months, there can be no assurance that these costs will not continue to be volatile, or again increase, for our customers in the future. Additionally, our customers also have, from time to time, been subject to unpredictable and varying weather conditions which could, among other things, impact the cost and availability of fuel and other materials. Any of these factors could negatively affect the ability of our customers to purchase, and their capacity for purchasing, towing and related equipment, and, consequently, have a material negative effect upon our business and operating results.

Our dependence upon outside suppliers for our raw materials, including aluminum, steel, petroleum-related products and other purchased component parts, leaves us subject to changes in price 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. To partially offset price increases for raw materials and component parts, 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.

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 2008 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, therefore, subject to risk of financial loss resulting from fluctuations in exchange rates of these currencies against the U.S. dollar.

Our competitors could impede our ability to attract or retain customers.

The towing and recovery equipment manufacturing industry is highly competitive. Competition for sales exists domestically and internationally at the manufacturer, distributor and towing-operator levels and is based primarily on product quality and innovation, reputation, technology, customer service, product availability and price. Competition for sales also comes from 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. If these competitors are able to make it more difficult for us to attract or retain customers, it could have a negative impact on our sales, revenue and financial performance.

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Our future success depends upon our ability to develop or acquire 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. However, 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. If we are unable to develop or acquire new products and technology in the future, our ability to maintain market share, and, consequently, our revenues and operating results, may be negatively affected.

The requirements and restrictions imposed by our senior credit facility 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 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 senior credit facility also requires 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 our senior credit facility, such non-compliance would result in an event of default. If not waived by the lending group, such event of default would result in the acceleration of the amount due under the senior credit facility, and may permit our lenders to foreclose on our assets that secure the senior credit facility.

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

Interest on our obligations outstanding under our senior credit facility and other credit arrangements is connected to the LIBOR rate or prime rate. Therefore, an increase in the LIBOR rate or the prime rate would increase interest expense and could have an effect on our ability to satisfy our obligations under those arrangements outstanding at any particular time. Our liquidity and access to capital resources could be affected by increasing interest rates.

We depend upon skilled labor to manufacture our products, and 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, while our employees are not currently members of a union, there can be no assurance that the employees at any of our facilities will 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 may be subject to some continuing liabilities with respect to their pre-sale operations, including, for example, liabilities related to litigation. Miller Industries, Inc. may be subject to some of such continuing liabilities by virtue of certain direct contractual 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 the final decree was entered on June 19, 2007.

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 our common stock to fluctuate substantially. In addition, in recent months the stock market has experienced a significant decline. This decline has had a significant effect on the market prices of securities issued by many companies, often for reasons unrelated to their operating performance.

Our Chairman and Co-Chief Executive Officer and his children own, in total, a substantial interest in our common stock. They may vote their shares in ways with which you disagree.

William G. Miller, our chairman and Co-Chief Executive Officer, beneficially owns approximately 4.13% of the outstanding shares of our common stock. Mr. Miller's adult children, Christopher Charles Miller, Sarah Louise Miller and William G. Miller, II, beneficially own, in total, approximately 7.75% of the outstanding shares of our common stock. Any of these shareholders could vote their shares in ways with which you do not agree, including in connection with the election of directors or the approval of a business combination involving the Company. Mr. Miller does not exercise any voting, investment or other authority with respect to, and has no pecuniary interest in, the shares of our common stock that are held by his children, and he expressly disclaims beneficial ownership of such shares.

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 2008, we completed our modernization and expansion projects at our manufacturing facilities in Hermitage, Pennsylvania, and Ooltewah, Tennessee.

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 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS 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.

	Price Range of Common Stock	
Period	High	Low
Year Ended December 31, 2007		
First Quarter	$ 24.18	$ 20.34
Second Quarter	26.08	21.78
Third Quarter	26.45	15.23
Fourth Quarter	18.04	11.72
Year Ended December 31, 2008		
First Quarter	$ 14.15	$ 8.92
Second Quarter	11.93	9.58
Third Quarter	10.21	7.10
Fourth Quarter	7.58	4.25
Year Ending December 31, 2009		
First Quarter (through March 9, 2009)	$ 6.71	$ 4.95

The approximate number of holders of record and beneficial owners of common stock as of December 31, 2008 was 530 and 4,500, respectively.

We have never declared cash dividends on our common stock. 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 the terms of our senior credit facility.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no share repurchases during the fourth quarter of 2008.

Sales of Unregistered Securities

We did not sell any unregistered securities during the year ended December 31, 2008.

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 Construction Index over the period of time from December 31, 2003 through December 31, 2008. The respective returns assume reinvestment of dividends paid.

	12/31/03	12/31/04	12/30/05	12/29/06	12/31/07	12/31/08
Miller Industries, Inc.	100	283	508	601	343	133
NYSE Composite Index	100	112	120	141	151	89
S&P Construction Index	100	121	139	150	203	83

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected statements of income data and selected balance sheet data on a consolidated basis. We derived the selected historical consolidated financial data 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,				
	2008	2007	2006	2005	2004
	(In thousands except per share data)				
Statements of Income Data:					
Net Sales	270,989	400,032	409,421	351,884	236,308
Costs and Expenses:					
Costs of operations	237,362	343,885	349,639	301,943	205,021
Selling, general, and administrative expenses	25,940	27,396	27,213	24,260	19,181
Interest expense	1,241	3,392	3,518	4,012	4,657
Other (Income) Expense	678	(291)	(376)	33	(277)
Total costs and expenses	265,221	374,382	379,994	330,248	228,582
Income from continuing operations before income taxes	5,768	25,650	29,427	21,636	7,726
Income tax provision	2,182	9,319	2,454	2,936	740
Income from continuing operations	3,586	16,331	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	$ 3,586	$ 16,331	$ 45,343	$ 18,586	$ 5,475
Basic net income per common share:					
Income from continuing operations	$ 0.31	$ 1.41	$ 2.37	$ 1.67	$ 0.64
Gain (loss) from discontinued operations	–	–	1.62	(0.01)	(0.14)
Basic income	$ 0.31	$ 1.41	$ 3.99	$ 1.66	$ 0.50
Diluted net income per common share:					
Income from continuing operations	$ 0.31	$ 1.40	$ 2.33	$ 1.63	$ 0.64
Gain (loss) from discontinued operations	–	–	1.58	(0.01)	(0.14)
Diluted income	$ 0.31	$ 1.40	$ 3.91	$ 1.62	$ 0.50
Weighted average shares outstanding:					
Basic	11,594	11,556	11,360	11,226	10,860
Diluted	11,656	11,655	11,596	11,474	10,982

	December 31,				
	2008	2007	2006	2005	2004
Balance Sheet Data:					
Working capital	$ 79,364	$ 82,092	$ 76,266	$ 50,406	$ 39,978

Total assets	174,281	189,042	197,432	144,570	127,822
Long-term obligations, less current portion	2,417	4,203	10,537	16,803	24,345
Common shareholders' equity	131,972	132,488	113,383	64,755	46,785

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

Our management focuses on a variety of key indicators to monitor our overall 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 including general economic conditions as well 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).

Our industry is cyclical in nature and over the course of 2008 the overall demand for our products and our resulting revenues continued to be negatively affected by lower levels of consumer confidence, uncertainties in domestic and international capital and credit markets, higher fuel and insurance costs and the current global economic crisis. We remain concerned about the current economic crisis and its effect on the towing and recovery industry. Accordingly, we continue to take steps to reduce our production levels and lower our costs in response to these uncertainties. We will continue to monitor our cost structure to ensure that it remains in line with business conditions.

In addition, we have been and will continue to be affected by changes 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 aluminum and steel prices were at historically high levels for the first three quarters of 2008, but moderated during the fourth quarter of 2008. In the past, as we have determined necessary, we have implemented price increases to offset these higher costs. We also developed alternatives to the components used in our production process that incorporate these raw materials. We shared several of these alternatives with our major component part suppliers, and our suppliers 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.

Follow-on orders under our 2007 municipal and military contracts were minimal until the second half of 2008, when we secured additional export and governmental orders for which production will continue until the third quarter of 2009. Through these additional orders, along with continued performance in the government and international marketplace, we were able to somewhat offset lower demand from our core customers during the second half of 2008. We continue to work to secure export and governmental orders, but we cannot predict the success or timing of any such orders.

Over the course of 2008, we continued to repay principal under our senior credit facility with Wachovia, and as a result, total debt under this facility at December 31, 2008 was $2.1 million. This level of debt represents a significant decrease in our overall indebtedness from prior periods.

In 2008, we completed our modernization and expansion projects at our manufacturing facilities in Hermitage, Pennsylvania, and Ooltewah, Tennessee. 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. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the assets of the towing services segment and the distribution group were considered a "disposal group" and were no longer depreciated. All assets and liabilities and results of operations associated with these assets were separately presented in the accompanying financial statements. The analyses contained herein are of continuing operations unless otherwise noted. In 2006, a gain from discontinued operations was recognized on the deconsolidation of RoadOne, Inc.

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 the final decree was entered on June 19, 2007.

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, particularly under current economic conditions.

Inventory

Inventory costs include materials, labor and factory overhead. Inventories are stated at the lower of cost or market (net realizable value), determined on a first-in, first-out basis. Appropriate consideration is given to obsolescence, valuation and other factors in determining net realizable value. Revisions of these estimates could result in the need for adjustments.

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 to changes in deferred tax assets. 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. If unrecognized tax positions exist, we record interest and penalties related to the unrecognized tax positions as income tax expense in our consolidated statements of income.

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. From time to time, revenue is recognized under a bill and hold arrangement. 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.

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. Foreign currency translation adjustments are included in shareholders' equity. Intercompany transactions denominated in a currency other than the functional currency are remeasured into the functional currency. Gains and losses resulting from foreign currency transactions are included in other income and expense in our consolidated statements of income.

Results of Operations

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

	2008	2007	2006
Continuing Operations:			
Net Sales	100.0%	100.0%	100.0%
Costs and expenses:			
Costs of operations	87.6%	86.0%	85.4%
Selling, general and administrative	9.6%	6.9%	6.7%
Interest expense	0.5%	0.9%	0.8%
Other (Income) Expense	0.2%	(0.1)%	(0.1)%
Total costs and expenses	97.9%	93.7%	92.8%
Income before income taxes	2.1%	6.3%	7.2%
Discontinued Operations:			
Net Sales	–	–	100.0%
Costs and expenses:			
Costs of operations	–	–	93.0%
Selling, general and administrative	–	–	8.6%
Gain on deconsolidation	–	–	(32.7)%
Interest expense	–	–	0.0%
Total costs and expenses	–	–	68.9%
Income before income taxes	–	–	31.1%

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Net sales were $271.0 million for the year ended December 31, 2008, compared to $400.0 million for the year ended December 31, 2007, a decrease of 32.3%. This decrease is attributable to lower production levels in response to decreased demand due to deteriorating economic conditions and limited customer access to capital and credit, as well as the absence of significant follow-on orders during the first half of 2008 under certain government and military contracts that were completed in 2007.

Costs of operations decreased to $237.4 million for the year ended December 31, 2008 from $343.9 million for the year ended December 31, 2007, which was attributable to lower overall production levels in 2008 compared to 2007 as described above. As a percentage of sales, costs of operations increased from 86.0% for the year ended December 31, 2007 to 87.6% for the year ended December 31, 2008 because of product mix as well as volatility of raw material costs, including aluminum, steel and other petroleum-related products.

Selling, general and administrative expenses for the year ended December 31, 2008 decreased to $25.9 million from $27.4 million for the year ended December 31, 2007 because of reductions made in our cost structure. As a percentage of sales, selling, general and administrative expenses increased to 9.6% for 2008 from 6.9% for 2007 due to the fixed nature of many of these expenses.

Interest expense decreased to $1.2 million for the year ended December 31, 2008 from $3.4 million for the year ended December 31, 2007. Decreases in interest expense were primarily due to decreases in interest on chassis purchases together with interest on distributor floor plan financing as well as declining interest rates in 2008.

Other income and expense relate to foreign currency transaction gains and losses. During 2008, the loss was $0.7 million compared to a gain of $0.3 million for 2007. The change relates to the strengthening of the US dollar against most major currencies, particularly in the fourth quarter of 2008.

The provision for income taxes for the years ended December 31, 2008 and 2007 reflects a combined federal, state and foreign tax rate of 37.8% and 36.3%, respectively.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Net sales were $400.0 million for the year ended December 31, 2007, compared to $409.4 million for the year ended December 31, 2006, a decrease of 2.3%. This decrease was attributable to lower production levels in response to moderating demand and the absence of significant follow-on orders under certain municipal and military contracts for which orders were completed in 2006 and during the first half of 2007.

Costs of operations decreased to $343.9 million for the year ended December 31, 2007 from $349.6 million for the year ended December 31, 2006, which was attributable to lower overall production levels in 2007 compared to 2006 as described above. As a percentage of sales, cost of operations increased slightly from 85.4% for the year ended December 31, 2006 to 86.0% for the year ended December 31, 2007.

Selling, general and administrative expenses for the year ended December 31, 2007 increased slightly to $27.4 million from $27.2 million for the year ended December 31, 2006 due generally to increases in personnel-related expenses and other expenses.

Interest expense decreased to $3.4 million for the year ended December 31, 2007 from $3.5 million for the year ended December 31, 2006. Decreases in interest expense were primarily due to decreases in overall levels of debt (including bank debt) offset by increases in interest on chassis purchases together with interest expense on distributor floor plan financing.

Other income was $0.3 million for both 2007 and 2006, relating to foreign currency transaction gains due to a weakened U.S. dollar as compared to most major currencies.

The provision for income taxes for the years ended December 31, 2007 and 2006 reflects a combined federal, state and foreign tax rate of 36.3% and 8.3%, respectively. 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.

Liquidity And Capital Resources

Cash provided by operating activities was $4.6 million for the year ended December 31, 2008, compared to $28.6 million for the year ended December 31, 2007, and $18.1 million for the year ended December 31, 2006. The cash provided by operating activities for 2008 reflects decreases in accounts receivable due to lower sales volume offset by increases in inventory and decreases in accounts payable. Increases in inventory resulted from purchases of materials for the manufacture of export and government orders.

Cash used in investing activities was $4.7 million for the year ended December 31, 2008, compared to $8.1 million for the year ended December 31, 2007, and $11.9 million for the year ended December 31, 2006. The cash used in investing activities for 2008 was primarily for the purchase of property, plant and equipment.

Cash used in financing activities was $1.7 million for the year ended December 31, 2008, compared to $6.2 million for the year ended December 31, 2007, and $5.0 million for the year ended December 31, 2006. The cash used in financing activities in 2008 was used to make payments on our term loan under our senior credit facility and to repay other outstanding long-term debt and capital lease obligations.

Over the past year, we generally have used available cash flow from operations to reduce the outstanding balance on our credit facility, 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 shifts in product mix to meet changes in customer demand.

In May 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, and in May 2007, we repaid the remaining $5.0 million principal balance of our junior credit facility.

As of December 31, 2008, we had cash and cash equivalents of $19.4 million, exclusive of unused availability under our senior credit facility. Our primary cash requirements include working capital, capital expenditures and interest and principal payments on indebtedness under our senior credit facility. We expect our primary sources of cash to be cash flow from operations, cash and cash equivalents on hand at December 31, 2008 and borrowings from unused availability under our senior credit facility. We expect these sources to be sufficient to satisfy our cash needs during 2009 and for the next several years. However, our ability to satisfy our cash needs will substantially depend upon a number of factors including our future operating performance, taking into account the economic and other factors discussed above and elsewhere in this Annual Report, as well as financial, business and other factors, many of which are beyond our control.

Contractual Obligations

The following is a summary of our contractual obligations as of December 31, 2008.

	Payment Due By Period (in thousands)				
Contractual Obligations(1)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Outstanding Borrowings Under Senior Credit Facility	$ 2,100	$ –	$ 2,100	$ –	$ –
Mortgage Notes Payable	1,665	119	245	1,301	–
Equipment Notes Payable (Capital Lease Obligations)	501	330	171	–	–
Operating Lease Obligations	1,485	515	638	197	135
Purchase Obligations (2)	20,526	20,526	–	–	–
Total	$ 26,277	$ 21,490	$ 3,154	$ 1,498	$ 135

(1) Amounts do not include potential contingent obligations of $21.7 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

We are party to a Credit Agreement with Wachovia Bank National Association for a $27.0 million senior secured credit facility. The senior credit facility consists of a $20.0 million revolving credit facility, and a $7.0 million term loan. 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. On July 11, 2007, we agreed with Wachovia to make certain amendments to the Credit Agreement which are described below.

Formerly, in the absence of a default, all borrowings under the revolving credit facility bore 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 was subject to adjustment from time to time based upon the Consolidated Leverage Ratio (as defined in the Credit Agreement), and the term loan bore interest at a 30-day adjusted LIBOR rate plus a margin of between 1.75% to 2.50% per annum that was subject to adjustment from time to time based upon the Consolidated Leverage Ratio. The revolving credit facility was scheduled to expire on June 15, 2008, and the term loan was scheduled to mature on June 15, 2010.

Under the amended Credit Agreement, the non-default rate of interest under the revolving credit facility and term loan was reduced to be the LIBOR Market Index Rate plus a margin of between 0.75% to 1.50% per annum that is subject to adjustment from time to time based upon the Consolidated Leverage Ratio, and the maturity date of the revolving credit facility was extended to June 17, 2010. The amendments also increased the ratio of leverage permitted under the Consolidated Leverage Ratio covenant, and extended and modified certain of the negative covenants and events of default set forth in the Credit Agreement.

At December 31, 2008 and 2007, we had no outstanding borrowings under the revolving credit facility.

Termination of Junior Credit Facility

In May 2006, we repaid $5.0 million of the subordinated debt under our junior facility with William G. Miller, and in May 2007, we repaid the remaining $5.0 million principal balance under the junior credit facility. With such payments, all loans under our junior credit facility were paid in full. In July 2007, in connection with the amendments to the senior credit facility, the junior facility was terminated.

Interest Rate Sensitivity

Changes in interest rates affect the interest paid on indebtedness under our credit facility because the outstanding amounts of indebtedness under our credit facility are subject to variable interest rates. Under our credit facility, the non-default rate of interest is equal to the LIBOR Market Index Rate plus a margin of between 0.75% to 1.50% per annum (for a rate of interest of 1.19% at December 31, 2008). A one percent change in the interest rate on our variable-rate debt would not have materially impacted our financial position, results of operations or cash flows for the year ended December 31, 2008.

Outstanding Borrowings

Outstanding borrowings under the senior credit facility as of December 31, 2008 and 2007 were as follows (in thousands):

	2008	2007
Revolving Credit Facility	$ –	$ –
Term Loan	2,100	3,500
Total Outstanding Borrowings	$ 2,100	$ 3,500

Other Long-Term Obligations

In addition to the borrowings under the senior credit facility described above, we had approximately $2.2 million of mortgage notes payable, equipment notes payable and other long-term obligations at December 31, 2008. In February 2009, approximately $1.7 million of mortgage notes payable was repaid and the related obligation was terminated. We also had approximately $1.5 million in non-cancellable operating lease obligations.

Recent Accounting Pronouncements

Recently Adopted Standards

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 was effective January 1, 2008 and did not have a material impact on our financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets & Financial Liabilities – Including an Amendment of SFAS No. 115” (“SFAS No. 159”). SFAS No. 159 will create a fair value option under which an entity may irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities on a contract by contract basis, with changes in fair values recognized in earnings as these changes occur. SFAS No. 159 was effective January 1, 2008 and did not have a material impact on our financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the United States. This Statement became effective on November 15, 2008, and its adoption did not have a material impact on our financial condition or results of operations.

Recently Issued Standards

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS No. 141(R)"), which applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted. SFAS No. 141(R) establishes principles and requirements for how the acquirer: (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. We do not expect the adoption of SFAS No. 141(R) to have an effect on our results of operations and our financial condition unless we enter into a business combination after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS No. 160"). This standard requires all entities to report minority interests in subsidiaries as equity in the consolidated financial statements, and requires that transactions between entities and noncontrolling interests be treated as equity. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008, which for the Company is fiscal 2009. We are currently evaluating the impact of SFAS No. 160 on our consolidated financial position and results of operations but do not expect the adoption of SFAS No. 160 to have an effect on our financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures About Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 expands disclosure requirements in SFAS No. 133 about an entity's derivative instruments and hedging activities. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. We are currently assessing the impact of SFAS No. 161 on our financial position and results of operations but do not expect the adoption of SFAS No. 161 to have an effect on our financial statements.

In April 2008, the FASB issued FSP FAS 142-3, "Determination of the Useful Life on Intangible Assets" ("FSP 142-3") that amends the factors considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142 FSP 142-3 requires a consistent approach between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of an asset under SFAS No. 141(R). FSP 142-3 also requires enhanced disclosures when an intangible asset's expected future cash flows are affected by an entity's intent and/or ability to renew or extend the arrangement. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and it applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. Early adoption is prohibited. We are currently evaluating the impact of this standard on our consolidated financial statements; however, we do not expect that the adoption of FSP 142-3 will have a material impact on our financial condition or results of operations.

In May 2008, the FASB issued Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" ("APB 14-1"). APB 14-1 requires that the liability and equity components of convertible debt instruments that may be settled in cash (or other assets) upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. The resulting debt discount is amortized over the period the convertible debt is expected to be outstanding as additional non-cash interest expense. APB 14-1 is effective for us at the beginning of our 2010 fiscal year and early adoption is not permitted. Retrospective application to all periods presented is required except for instruments that were not outstanding during any of the periods that will be presented in the annual financial statements for the period of adoption but were outstanding during an earlier period. We are currently evaluating the impact adoption of this statement could have on our financial statements.

In June 2008, the FASB ratified Emerging Issues Task Force ("EITF") Issue No. 07-5, "Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock" ("EITF 07-5"). EITF 07-5 provides that an entity should use a two step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 is effective for us at the beginning of our 2010 fiscal year and cannot be adopted early. We are currently assessing the impact that EITF 07-5 will have on our consolidated financial position and results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of our business, we are exposed to market risk from changes in interest rates and foreign currency exchange rates that could impact our results of operations and financial position.

Interest Rate Risk

Changes in interest rates affect the interest paid on indebtedness under our credit facility because the outstanding amounts of indebtedness under our credit facility are subject to variable interest rates. Under our credit facility, the non-default rate of interest is equal to the LIBOR Market Index Rate plus a margin of between 0.75% to 1.50% per annum (for a rate of interest of 1.19% at December 31, 2008). A one percent change in the interest rate on our variable-rate debt would not have materially impacted our financial position, results of operations or cash flows for the year ended December 31, 2008.

Foreign Currency Exchange Rate Risk

We are subject to risk arising from changes in foreign currency exchange rates related to our international operations in Europe. We manage our exposure to our foreign currency exchange rate risk through our regular operating and financing activities, and not through the use of any financial or derivative instruments, forward contracts or hedging activities. Because we report in U.S. dollars on a consolidated basis, foreign currency exchange fluctuations could have a translation impact on our financial position. At December 31, 2008, we recognized $4.3 million decrease in our foreign currency translation adjustment account compared with December 31, 2007 because of strengthening of the U.S. dollar against certain foreign currencies. During the year ended December 31, 2008, the impact of foreign currency exchange rate changes on our results of operations and cash flows was a loss of approximately $0.7 million.

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, 2008. 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, 2008, we maintained effective internal control over financial reporting.

Joseph Decosimo and Company, PLLC, the independent registered public accounting firm who audited the Company's consolidated financial statements included in this report, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2008, which appears herein.

March 11, 2009

Report of Independent Registered Public Accounting Firm

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

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

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

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

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

In our opinion, Miller Industries, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, 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 of Miller Industries, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008, and our report dated March 11, 2009, expressed an unqualified opinion on those consolidated financial statements.

/s/ Joseph Decosimo and Company, PLLC
Chattanooga, Tennessee

March 11, 2009

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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.

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 AND RELATED STOCKHOLDER MATTERS

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

(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, 2008 and 2007	F-3
Consolidated Statements of Income for the years ended December 31, 2008, 2007 and 2006	F-4
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2008, 2007 and 2006	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006	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	–	Form 10-K	December 31, 2001	3.1
3.2	Amended and Restated Bylaws of the Registrant	–	Form 10-Q	November 8, 2007	3.2
10.1	Form of Noncompetition Agreement between the Registrant and certain	33-79430	S-1	August 1994	10.28

	officers of the Registrant				
10.2	Form of Nonexclusive Distributor Agreement	33-79430	S-1	August 1994	10.31
10.3	Miller Industries, Inc. Stock Option and Incentive Plan**	33-79430	S-1	August 1994	10.1

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	Description	Incorporated by Reference to Registration File Number	Form or Report	Date of Report	Exhibit Number in Report
10.4	Form of Incentive Stock Option Agreement under Miller Industries, Inc. Stock Option and Incentive Plan**	33-79430	S-1	August 1994	10.2
10.5	Miller Industries, Inc. Non-Employee Director Stock Option Plan**	33-79430	S-1	August 1994	10.4
10.6	Form of Director Stock Option Agreement**	33-79430	S-1	August 1994	10.5
10.7	First Amendment to Miller Industries, Inc. Non-Employee Director Stock Option Plan**	–	Form 10-K	April 30, 1995	10.38
10.8	Second Amendment to Miller Industries, Inc. Non-Employee Director Stock Option Plan**	–	Form 10-K	April 30, 1996	10.39
10.9	Second Amendment to Miller Industries, Inc. Stock Option and Incentive Plan**	–	Form 10-K	April 30, 1996	10.40
10.10	Employment Agreement dated July 8, 1997 between the Registrant and William G. Miller**	–	Form 10-Q/A	July 31, 1997	10
10.11	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
10.12	Employment Agreement between the Registrant and Jeffrey I. Badgley, dated September 11, 1998**	–	Form 10-Q	December 15, 1998	10.1
10.13	Employment Agreement between the Registrant and Frank Madonia, dated September 11, 1998**	–	Form 10-Q	December 15, 1998	10.3

10.14	Agreement between the Registrant and Jeffrey I. Badgley, dated September 11, 1998**	–	Form 10-Q	December 15, 1998	10.4
10.15	Agreement between the Registrant and Frank Madonia, dated September 11, 1998**	–	Form 10-Q	December 15, 1998	10.6
10.16	Non-Employee Director Stock Plan**	–	Schedule 14A	January 23, 2004	Annex A
10.17	Miller Industries, Inc. 2005 Equity Incentive Plan**	–	Schedule 14A	May 2, 2005	Annex B
10.18	Credit Agreement, dated June 17, 2005, among Wachovia Bank, NA and the Registrant	–	Form 8-K	June 17, 2005	10.1
10.19	Term Note, dated June 17, 2005, among Wachovia Bank, NA and the Registrant	–	Form 8-K	June 17, 2005	10.2
10.20	Revolving Note, dated June 17, 2005, among Wachovia Bank, NA and the Registrant	–	Form 8-K	June 17, 2005	10.3
10.21	Intercreditor Agreement, dated June 17, 2005, among Wachovia Bank, NA, and William G. Miller	–	Form 8-K	June 17, 2005	10.4

	Description	Incorporated by Reference to Registration File Number	Form or Report	Date of Report	Exhibit Number in Report
10.22	Security Agreement, dated June 17, 2005, among Wachovia Bank, NA, and the Registrant	–	Form 8-K	June 17, 2005	10.5
10.23	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
10.24	Pledge Agreement, dated June 17, 2005, among Wachovia Bank, NA, and the Registrant	–	Form 8-K	June 17, 2005	10.7
10.25	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
10.26	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
10.27	First Amendment to Credit Agreement, dated July 11, 2007, among Wachovia Bank, NA and Registrant	–	Form 8-K	July 16, 2007	10.1
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*

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* 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.

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006	F-6
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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, 2008 and 2007, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15. 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, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, 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 Company's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 11, 2009 expressed an unqualified opinion on the effectiveness on the Company's internal control over financial reporting.

/s/ Joseph Decosimo and Company, PLLC

Chattanooga, Tennessee
March 11, 2009

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007

(In thousands, except share data)

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash and temporary investments	$ 19,445	$ 23,282
Accounts receivable, net of allowance for doubtful accounts of $1,881 and $1,640, at December 31, 2008 and 2007, respectively	52,424	67,035
Inventories	43,107	39,313
Prepaid expenses and other	1,840	1,775
Current deferred income taxes	2,440	3,038
Total current assets	119,256	134,443
PROPERTY, PLANT, AND EQUIPMENT, net	34,757	33,807
GOODWILL	11,619	11,619
DEFERRED INCOME TAXES	8,542	8,615
OTHER ASSETS	107	558
	$ 174,281	$ 189,042
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term obligations	$ 1,849	$ 1,802
Accounts payable	26,710	39,926
Accrued liabilities and other	11,333	10,623
Total current liabilities	39,892	52,351
LONG-TERM OBLIGATIONS, less current portion	2,417	4,203
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, 11,593,798 and 11,588,179, outstanding at December 31, 2008 and 2007, respectively	116	116
Additional paid-in capital	160,919	160,700
Accumulated deficit	(28,622)	(32,208)
Accumulated other comprehensive income (loss)	(441)	3,880
Total shareholders' equity	131,972	132,488
	$ 174,281	$ 189,042

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

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(In thousands, except per share data)

	2008	2007	2006
NET SALES	$ 270,989	$ 400,032	$ 409,421
COSTS AND EXPENSES			
Costs of operations	237,362	343,885	349,639
Selling, general, and administrative expenses	25,940	27,396	27,213
Interest expense, net	1,241	3,392	3,518
Other (Income) Expense	678	(291)	(376)
Total costs and expenses	265,221	374,382	379,994
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	5,768	25,650	29,427
INCOME TAX PROVISION	2,182	9,319	2,454
INCOME FROM CONTINUING OPERATIONS	3,586	16,331	26,973
DISCONTINUED OPERATIONS			
Gain from discontinued operations, net of taxes	–	–	126
Tax benefit of advances to and investment in certain discontinued operations	–	–	(18,244)
Gain from discontinued operations	–	–	18,370
NET INCOME	$ 3,586	$ 16,331	$ 45,343
BASIC INCOME PER COMMON SHARE:			
Income from continuing operations	$ 0.31	$ 1.41	$ 2.37
Gain from discontinued operations	–	–	1.62
Basic income	$ 0.31	$ 1.41	$ 3.99
DILUTED INCOME PER COMMON SHARE:			
Income from continuing operations	$ 0.31	$ 1.40	$ 2.33
Gain from discontinued operations	–	–	1.58
Diluted income	$ 0.31	$ 1.40	$ 3.91
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	11,594	11,556	11,360
Diluted	11,656	11,655	11,596

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, 2008, 2007 AND 2006

(In thousands, except share data)

	Common Stock	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, December 31, 2005	$ 113	$ 157,996	$ (93,882)	$ 528	$ 64,755
Components of comprehensive income:					
Net income	–	–	45,343	–	45,343
Foreign currency translation adjustments	–	–	–	1,577	1,577
Total 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
Components of comprehensive income:					
Net income	–	–	16,331	–	16,331
Foreign currency translation adjustments	–	–	–	1,775	1,775
Total comprehensive income	–	–	16,331	1,775	18,106
Issuance of common stock to non-employee directors (3,150)	–	75	–	–	75
Exercise of stock options (75,065)	1	615	–	–	616
Stock-based compensation expense	–	308	–	–	308
BALANCE, December 31, 2007	116	160,700	(32,208)	3,880	132,488
Components of comprehensive income:					
Net income	–	–	3,586	–	3,586
Foreign currency translation adjustments	–	–	–	(4,321)	(4,321)
Total comprehensive income (loss)	–	–	3,586	(4,321)	(735)
Issuance of common stock to non-employee directors (5,409)	–	75	–	–	75
Exercise of stock options (210)	–	1	–	–	1
Stock-based compensation expense	–	143	–	–	143
BALANCE, December 31, 2008	$ 116	$ 160,919	$ (28,622)	$ (441)	$ 131,972

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

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(In thousands)

	2008	2007	2006
OPERATING ACTIVITIES:			
Net income	$ 3,586	$ 16,331	$ 45,343
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Gain from discontinued operations	–	–	(126)
Tax benefit of advances to and investments in discontinued operations	–	–	(18,244)
Depreciation and amortization	3,440	3,134	2,721
Deferred tax provision (benefit)	672	7,716	(1,331)
Amortization of deferred financing costs	76	123	123
Provision for doubtful accounts	634	312	1,065
Stock-based compensation	143	308	308
Issuance of non-employee director shares	75	75	75
Gain on disposals of equipment	–	(109)	–
Changes in operating assets and liabilities:			
Accounts receivable	11,588	17,305	(18,898)
Inventories	(6,827)	5,156	(3,496)
Prepaid expenses and other	(114)	389	(1,406)
Accounts payable	(10,776)	(19,673)	12,090
Accrued liabilities and other	2,113	(2,497)	(343)
Net cash flows from operating activities from continuing operations	4,610	28,570	17,881
Net cash flows from operating activities from discontinued operations	–	–	247
Net cash flows from operating activities	4,610	28,570	18,128
INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(4,850)	(8,718)	(12,564)
Proceeds from sale of equipment	2	148	98
Payments received on notes receivables	180	482	604
Net cash flows from investing activities from continuing operations	(4,668)	(8,088)	(11,862)
Net cash flows from investing activities from discontinued operations	–	–	25
Net cash flows from investing activities	(4,668)	(8,088)	(11,837)
FINANCING ACTIVITIES:			
Payments under junior credit facility	–	(5,000)	(5,000)
Payments on long-term obligations	(1,859)	(1,803)	(1,603)
Borrowings under long-term obligations	138	–	329
Additions to deferred financing costs	(2)	(42)	(5)
Proceeds from exercise of stock options	1	616	1,325
Net cash flows from financing activities from continuing operations	(1,722)	(6,229)	(4,954)
Net cash flows from financing activities from discontinued operations	–	–	–
Net cash flows from financing activities	(1,722)	(6,229)	(4,954)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND TEMPORARY INVESTMENTS	(2,057)	825	697
NET CHANGE IN CASH AND TEMPORARY INVESTMENTS	(3,837)	15,078	2,034
CASH AND TEMPORARY INVESTMENTS, beginning of year	23,282	8,204	6,147

CASH AND TEMPORARY INVESTMENTS-DISCONTINUED OPERATIONS, beginning of year		–		–		23
CASH AND TEMPORARY INVESTMENTS-DISCONTINUED OPERATIONS, end of year		–		–		–
CASH AND TEMPORARY INVESTMENTS, end of year	$	19,445	$	23,282	$	8,204
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:						
Cash payments for interest	$	1,863	$	4,117	$	3,897
Cash payments for income taxes, net of refunds	$	475	$	2,158	$	3,477
NON-CASH INVESTING AND FINANCING ACTIVITIES:						
Capital leases	$	–	$	549	$	–

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 the 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®, Titan®, JigeTM, BonifaceTM, Vulcan®, and ChevronTM. 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 (net realizable value), determined on a first-in, first-out basis. Appropriate consideration is given to obsolescence, valuation and other factors in determining net realizable value. Revisions of these estimates could result in the need for adjustments. Inventories, net of reserves, at December 31, 2008 and 2007 consisted of the following (in thousands):

	2008	2007
Chassis	$ 6,493	$ 4,866

Raw materials	18,764	16,555
Work in process	11,526	12,145
Finished goods	6,324	5,747
	$ 43,107	$ 39,313

Property, Plant, and Equipment

Property, plant and equipment, which include amounts recorded under capital leases, 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, 2008 and 2007 consisted of the following (in thousands):

	2008	2007
Land and improvements	$ 4,739	$ 4,641
Buildings and improvements	29,591	27,271
Machinery and equipment	22,424	18,841
Furniture and fixtures	6,766	6,542
Software costs	6,935	6,802
Construction in progress	–	2,914
	70,455	67,011
Less accumulated depreciation	(35,698)	(33,204)
	$ 34,757	$ 33,807

The Company recognized $3,440,000, $3,134,000 and $2,608,000, in depreciation expense in 2008, 2007 and 2006, respectively. In 2008 and 2007, $75,000 and $247,000, respectively, of interest costs were capitalized for construction period interest.

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 29,000, 99,000 and 236,000 potential dilutive common shares in 2008, 2007 and 2006, respectively. Options to purchase approximately 6,000, 76,000 and 55,000 shares of common stock were outstanding during 2008, 2007 and 2006, 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 Statement of Financial Accounting Standards ("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 at December 31, 2008 and 2007. Amortization expense in 2006 was $113,000. At December 31, 2008 and 2007, all intangible assets subject to amortization were 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, 2008 and 2007 was $397,000 and $321,000, respectively. Amortization expense in 2008, 2007 and 2006, was $76,000, $123,000 and $123,000, respectively, and is included in interest expense in the accompanying consolidated statements of income. Based on the current amount of deferred financing costs subject to amortization, the estimated amortization expense in future years is not significant.

Accrued Liabilities and Other

Accrued liabilities and other consisted of the following at December 31, 2008 and 2007 (in thousands):

	2008	2007
Accrued wages, commissions, bonuses and benefits	$ 3,975	$ 4,422
Accrued income taxes	1,197	553
Other	6,161	5,648
	$ 11,333	$ 10,623

Income Taxes

The Company recognizes as deferred income tax assets and liabilities the future tax consequences of the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. If unrecognized tax positions exist, interest and penalties related to unrecognized tax positions are recorded as income tax expense in the consolidated statements of income.

Stock-Based Compensation

Effective January 1, 2006, the Company adopted 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. The Company recorded $143,000 for 2008 and $308,000 for each of 2007 and 2006 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 income.

For SFAS No. 123R 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 was amortized as compensation expense over the vesting period of the options. No options were granted during 2007 or

2006. The fair value of options granted in 2008 has been estimated as of the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 44%; risk-free interest rate of 1.71%; and expected life of four years. Using these assumptions, the fair value of options granted in 2008 is $1,596,000, which will be amortized as compensation expense over the vesting period.

At December 31, 2008, the Company had $1,529,000 of unrecognized compensation expense related to stock options, with $399,000 to be expensed in 2009, 2010, and 2011 and the remainder of $332,000 to be expensed in 2012. The Company issued approximately 200 shares of common stock during 2008 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 2008, 2007 and 2006, was $1,995,000, $1,881,000 and $1,716,000, respectively.

The table below provides a summary of the warranty liability for December 31, 2008 and 2007 (in thousands):

	2008	2007
Accrual at beginning of the year	$ 864	$ 839
Provision	1,995	1,881
Settlement and Other	(1,981)	(1,856)
Accrual at end of year	$ 878	$ 864

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. From time to time, revenue is recognized under a bill and hold arrangement. Recognition of revenue on bill and hold arrangements occurs when risk of ownership has passed to the customer, a fixed written commitment has been provided by the customer, the goods are complete and ready for shipment, the goods are segregated from inventory, no performance obligation remains, and a schedule for delivery has been established.

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 operations.

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. Foreign currency translation adjustments resulting from such translations are included in shareholders' equity. Intercompany transactions denominated in a currency other than the functional currency are remeasured into the functional currency. Gains and losses resulting from foreign currency transactions are included in other income (expense).

Recent Accounting Pronouncements

Recently Adopted Standards

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 was effective January 1, 2008 and did not have a material impact on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets & Financial Liabilities – Including an Amendment of SFAS No. 115" ("SFAS No. 159"). SFAS No. 159 will create a fair value option under which an entity may irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities on a contract by contract basis, with changes in fair values recognized in earnings as these changes occur. SFAS No. 159 was effective January 1, 2008 and did not have a material impact on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the United States. This Statement became effective on November 15, 2008, and its adoption did not have a material impact on the Company's financial condition or results of operations.

Recently Issued Standards

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS No. 141(R)"), which applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted. SFAS No. 141(R) establishes principles and requirements for how the acquirer: (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Company does not expect the adoption of SFAS No. 141(R) to have an effect on its results of operations and its financial condition unless it enters into a business combination after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS No. 160"). This standard requires all entities to report minority interests in subsidiaries as equity in the consolidated financial statements, and requires that transactions between entities and noncontrolling interests be treated as equity. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008, which for the Company is fiscal 2009. The Company is currently evaluating the impact of SFAS No. 160 on our consolidated financial position and results of operations but does not expect the adoption of SFAS No. 160 to have an effect on its financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures About Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 expands disclosure requirements in SFAS No. 133 about an entity's derivative instruments and hedging activities. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The Company is currently assessing the impact of SFAS No. 161 on its financial position and results of operations but does not expect the adoption of SFAS No. 161 to have an effect on its financial statements.

In April 2008, the FASB issued FSP FAS 142-3, "Determination of the Useful Life on Intangible Assets" ("FSP 142-3") that amends the factors considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142 FSP 142-3 requires a consistent approach between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of an asset under SFAS No. 141(R). FSP 142-3 also requires enhanced disclosures when an intangible asset's expected future cash flows are affected by an entity's intent and/or ability to renew or extend the arrangement. FSP 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and it applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. Early adoption is prohibited. The Company is currently evaluating the impact of this standard on its consolidated financial statements; however, it does not expect that the adoption of FSP 142-3 will have a material impact on our financial condition or results of operations.

In May 2008, the FASB issued Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" ("APB 14-1"). APB 14-1 requires that the liability and equity components of convertible debt instruments that may be settled in cash (or other assets) upon conversion (including partial cash settlement) be separately accounted for in a manner that reflects an issuer's nonconvertible debt borrowing rate. The resulting debt discount is amortized over the period the convertible debt is expected to be outstanding as additional non-cash interest expense. APB 14-1 is effective for the Company at the beginning of its 2010 fiscal year and early adoption is not permitted. Retrospective application to all periods presented is required except for instruments that were not outstanding during any of the periods that will be presented in the annual financial statements for the period of adoption but were outstanding during an earlier period. The Company is currently evaluating the impact adoption of this statement could have on its financial statements.

In June 2008, the FASB ratified Emerging Issues Task Force ("EITF") Issue No. 07-5, "Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock" ("EITF 07-5"). EITF 07-5 provides that an entity should use a two step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 is effective for the Company at the beginning of its 2010 fiscal year and cannot be adopted early. The Company is currently assessing the impact that EITF 07-5 will have on its consolidated financial position and results of operations.

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, 2008 and 2007 (in thousands):

	2008	2007
Outstanding borrowings under Senior Credit Facility	$ 2,100	$ 3,500
Mortgage notes payable, weighted average interest rate of 5.88%, payable in monthly installments, maturing in 2013	1,665	1,786
Equipment notes and capital leases payable, weighted average interest rate of 6.48%, payable in monthly installments, maturing 2008 to 2011	501	719
	4,266	6,005
Less current portion	(1,849)	(1,802)
	$ 2,417	$ 4,203

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

In February 2009, approximately $1.7 million mortgage notes payable was repaid and the related obligation was terminated.

Credit Facilities

Senior Credit Facility. The Company is a party to 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”). 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”). 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. On July 11, 2007, the Company and Wachovia agreed to certain amendments to the Senior Credit Facility which are described below.

Formerly, in the absence of a default, all borrowings under the Revolver bore 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 bore interest at a 30-day adjusted LIBOR rate plus a margin of between 1.75% to 2.50% per annum that was subject to adjustment from time to time based upon the Consolidated Leverage Ratio. The Revolver was scheduled to expire on June 15, 2008, and the Term Loan was scheduled to mature on June 15, 2010.

Under the amended Senior Credit Agreement, the non-default rate of interest under the Revolver and Term Loan was reduced to the LIBOR Market Index Rate plus a margin of between 0.75% to 1.50% per annum that is subject to adjustment from time to time based upon the Consolidated Leverage Ratio, and the maturity date of the Revolver was extended to June 17, 2010. The amendments also increased the ratio of leverage permitted under the Consolidated Leverage Ratio covenant, and extended and modified certain of the negative covenants and events of default set forth in the Senior Credit Agreement.

At December 31, 2008 and 2007, the Company had no outstanding borrowings under the Revolver.

Termination of Junior Credit Facility. William G. Miller was the sole lender under the Company’s former junior credit facility (the “Junior Credit Facility”). In May 2006, the Company repaid $5.0 million of the subordinated debt under the Junior Credit Facility, and in May 2007, the Company repaid the remaining $5.0 million principal balance under the Junior Credit Facility. With such payments, all loans from Mr. Miller to the Company were paid in full. In July 2007, in connection with the amendments to the Company’s Senior Credit Facility, the Junior Credit Facility was terminated.

Interest Rate Sensitivity. Changes in interest rates affect the interest paid on indebtedness under our credit facility because the outstanding amounts of indebtedness under our credit facility are subject to variable interest rates. Under our credit facility, the non-default rate of interest is equal to the LIBOR Market Index Rate plus a margin of between 0.75% to 1.50% per annum (for a rate of interest of 1.19% at December 31, 2008). A one percent change in the interest rate on our variable-rate debt would not have materially impacted our financial position, results of operations or cash flows for the year ended December 31, 2008.

Future maturities of long-term obligations (including capital lease obligations) at December 31, 2008 are as follows (in thousands):

2009	$ 1,849
2010	960
2011	155
2012	134
2013	1,168
	$ 4,266

4. RELATED PARTY TRANSACTIONS

Termination of Junior Credit Facility

Mr. Miller was the sole lender under the Junior Credit Facility. The Company paid Mr. Miller approximately $228,000 and $684,000 in interest expense on the Junior Credit Facility for 2007 and 2006, respectively. In May 2007, the Company repaid the remaining $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. In July 2007, the Junior Credit Facility was terminated.

DataPath, Inc.

Total revenues from DataPath, Inc., a related party through common ownership and common board of director membership until June 30, 2006, were $5,649,000 for the six months ended June 30, 2006.

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, 2008, 2007 and 2006 were approximately 0.6 million, 1.2 million, and 1.1 million, respectively.

A summary of the activity of stock options for the years ended December 31, 2008, 2007 and 2006, is presented below (shares in thousands):

	2008		2007		2006	
	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	205	$ 15.24	304	$ 17.39	574	$ 15.92
Granted	801	5.49	–	–	–	–
Exercised	–	–	(75)	8.21	(216)	6.90
Forfeited and cancelled	(76)	27.05	(24)	64.74	(54)	43.60
Outstanding at End of Period	930	$ 5.87	205	$ 15.24	304	$ 17.39
Options exercisable at year end	129	$ 8.25	123	$ 19.90	138	$ 28.39
Weighted average fair value of options granted		$ 1.99		$ –		$ –

A summary of options outstanding under the Company's stock-based compensation plans at December 31, 2008 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	4	$ 3.05	2.9	4	$ 3.05
5.49 – 8.24	801	5.49	9.8	–	–
8.31 – 10.94	125	8.43	5.0	125	8.43
Total	930	$ 5.87	9.2	129	$ 8.25

6. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has entered into various operating leases for buildings, office equipment and trucks. Rental expense under these leases was $1,402,000, $1,687,000 and $1,572,000 in 2008, 2007 and 2006, respectively.

At December 31, 2008 future minimum lease payments under non-cancelable operating leases for the next five years and in the aggregate are as follows (in thousands):

2009	$ 515
2010	429
2011	209
2012	119
2013	78
Thereafter	135
	$ 1,485

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 $21.7 million and $33.4 million at December 31, 2008 and 2007, respectively. No repurchases of products were required during 2008 or 2007.

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.

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 2008, 2007 and 2006, (in thousands):

	2008	2007	2006
Current:			
Federal	$ –	$ –	$ –
State	49	501	1,426
Foreign	1,461	1,102	2,359
	1,510	1,603	3,785
Deferred:			
Federal	700	7,572	6,003
State	–	–	1,479
Foreign	(28)	144	–
Change in valuation allowance	–	–	(8,813)
	672	7,716	(1,331)
	$ 2,182	$ 9,319	$ 2,454

The principal differences between the federal statutory tax rate and the income tax expense in 2008, 2007 and 2006:

	2008	2007	2006
Federal statutory tax rate	35.0%	34.0%	35.0%
State taxes, net of federal tax benefit	1.4%	1.4%	3.2%
Change in deferred tax asset valuation allowance	–	–	(29.9)%
Excess of foreign tax over US tax on foreign income	2.5%	0.4%	1.3%
Other	(1.1)%	0.5%	(1.3)%
Effective tax rate	37.8%	36.3%	8.3%

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, 2008 and 2007 are as follows (in thousands):

	2008	2007
Deferred tax assets:		
Allowance for doubtful accounts	$ 207	$ 55
Accruals and reserves	1,831	2,276
Net operating loss carryforward	9,057	9,248
Deductible goodwill and impairment charges	58	55
Other	622	531
Total deferred tax assets	11,775	12,165
Deferred tax liabilities:		
Property, plant, and equipment	793	512
Total deferred tax liabilities	793	512
Net deferred tax asset	$ 10,982	$ 11,653

As of December 31, 2008, the Company had federal net operating loss carryforwards of approximately $23.3 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 an AMT credit carryforward of approximately $0.5 million, that may be carried forward indefinitely.

In 2005, the Company 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, the valuation allowance against net deferred tax asset from continuing and discontinuing operations totaled approximately $8.8 million. 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, 2008, the Company has state net operating loss carryforwards of approximately $13.5 million.

The Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB No.109" ("FIN 48") on January 1, 2007. Upon adoption of FIN 48 and as of December 31, 2008, the Company had no unrecognized tax benefits recorded. The Company does not expect its unrecognized tax benefits to change significantly in the next twelve months. If unrecognized tax benefits existed, the interest and penalties related to the unrecognized tax positions would be recorded as income tax expense in the consolidated statements of income.

The Company is subject to United States federal income taxes, as well as income taxes in various states and foreign jurisdictions. The Company's tax years 2005 through 2008 remain open to examination for U.S. Federal income taxes. With few exceptions, the Company is no longer subject to state or non-U.S. income tax examinations prior to 2005.

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.

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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.

The plan provides that each participant may contribute the maximum allowable under Internal Revenue Service regulations. For 2006, the Company matched 50% of the first 4% of participant contributions and for 2007 and 2008 matched 50% of the first 5% of participant contributions. Matching contributions vest over the first five years of employment. Company contributions to the plan were $430,000, $535,000 and $376,000 in 2008, 2007 and 2006, respectively.

10. GEOGRAPHIC AND CUSTOMER INFORMATION

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

	2008		2007		2006	
	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets
North America	$ 191,355	$ 43,472	$ 319,195	$ 42,430	$ 333,300	$ 36,455
Foreign	79,634	2,904	80,837	2,996	76,121	2,691
	$ 270,989	$ 46,376	$ 400,032	$ 45,426	$ 409,421	$ 39,146

No single customer accounted for 10% or more of consolidated net sales in 2008, 2007 or 2006.

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 results of operations associated with these assets were separately presented in the Company's financial statements at December 31, 2006, 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 final decree was entered on June 19, 2007. In 2006, the Company recognized a gain from discontinued operations net of tax of $126,000 on the deconsolidation of RoadOne, Inc. 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.

12. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 2008 and 2007 (in thousands, except per share data):

	Net Sales	Operating Income	Net Income	Basic Income Per Share	Diluted Income Per Share
2008					
First Quarter	$ 67,621	$ 1,953	$ 927	$ 0.08	$ 0.08
Second Quarter	74,715	1,924	1,046	0.09	0.09
Third Quarter	66,735	1,760	917	0.08	0.08
Fourth Quarter	61,918	2,050	696	0.06	0.06
Total	$ 270,989	$ 7,687	$ 3,586	$ 0.31	$ 0.31
2007					
First Quarter	$ 114,003	$ 8,968	$ 5,395	$ 0.47	$ 0.46
Second Quarter	108,825	8,634	4,873	0.42	0.42
Third Quarter	92,692	6,524	3,598	0.31	0.31
Fourth Quarter	84,512	4,625	2,465	0.21	0.21
Total	$ 400,032	$ 28,751	$ 16,331	$ 1.41	$ 1.40

MILLER INDUSTRIES, INC. AND SUBSIDIARIES

SCHEDULE II –VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Charged to Expense	Accounts Written Off	Balance at End of Period
		(In Thousands)		
Year ended December 31, 2006				
Deduction from asset accounts:				
Allowance for doubtful accounts	$ 1,834	1,065	(411)	$ 2,488
Year ended December 31, 2007				
Deduction from asset accounts:				
Allowance for doubtful accounts	$ 2,488	312	(1,160)	$ 1,640
Year ended December 31, 2008				
Deduction from asset accounts:				
Allowance for doubtful accounts	$ 1,640	634	(393)	$ 1,881

	Balance at Beginning of Period	Charged to Expense	Claims and Other	Balance at End of Period
		(In Thousands)		
Year ended December 31, 2006				
Product Warranty Reserve:	$ 801	1,716	(1,678)	$ 839
Year ended December 31, 2007				
Product Warranty Reserve:	$ 839	1,881	(1,856)	$ 864
Year ended December 31, 2008				
Product Warranty Reserve:	$ 864	1,995	(1,981)	$ 878

	Balance at Beginning of Period	Additions (Reductions)	Balance at End of Period
		(In Thousands)	
Year ended December 31, 2006			
Deferred Tax Valuation Allowance:	$ 8,813	(8,813)	$ 0
Year ended December 31, 2007			
Deferred Tax Valuation Allowance:	$ 0	0	$ 0
Year ended December 31, 2008			
Deferred Tax Valuation Allowance:	$ 0	0	$ 0

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 11th day of March, 2009.

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 11th day of March, 2009.

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

CERTAIN STATEMENTS REQUIRED BY THE LISTING REQUIREMENTS
OF THE NEW YORK STOCK EXCHANGE

The certifications of our Co-Chief Executive and Chief Financial Officers required by Section 302 of the Sarbanes-Oxley Act of 2002, which address, among other things, the content of our Annual Report on Form 10-K, appear as exhibits to the Form 10-K.

Pursuant to the requirements of the New York Stock Exchange, in 2008, our Co-Chief Executive Officer certified to the NYSE that he was not aware of any violation by Miller Industries, Inc. of the NYSE's corporate governance listing standards.

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