Dear Fellow Shareholders,

2001 was our worst year in a long time. The fourth quarter, typically a strong one for us, was particularly weak. The recession that began in 2000 accelerated and eroded activity in nearly every market.

Despite the challenges, the Company remained profitable. We reduced working capital and employment; we constrained investment and expenditure; we began activity based costing reviews in some operations to better control our performance in the faster-moving, more competitive environment; and we paid down our debt, reducing it by 12 percent over the course of the year.

Fourth Quarter and Full Year Financial Results

Net sales for the fourth quarter ended December 31, 2001, were $148.5 million, a decrease of 13 percent from the $171.3 million reported in 2000. Net income was $2.3 million, a decrease of 48 percent compared to $4.5 million in last year's fourth quarter. Net income per share of $.10 was down 47 percent compared with $.19 in the fourth quarter of 2000.

At $608.0 million, net sales for the year ended December 31, 2001 were 7 percent below the prior year's record results of $652.7 million. Net income was $15.2 million, a decrease of 37 percent from $24.0 million in 2000. Net income per share was $.64, also a decrease of 37 percent from the $1.01 reported in 2000.

Excluding contributions from acquisitions, net sales would have decreased 14 percent for the fourth quarter and 9 percent for the full year of 2001. The translation effect of foreign currencies had no material impact on sales and earnings for neither the quarter nor the year.

Manufacturing Segment Overview

In the manufacturing segment, net sales were down 15 percent for the fourth quarter and 7 percent for the year, compared to the same periods in 2000. Excluding contributions from the RB Manufacturing Company and Best Plastics acquisitions, made early in the fourth quarter of 2000, manufacturing segment net sales would have been 16 percent lower for the fourth quarter and 10 percent lower for the year.

2001 was a tough year to be a manufacturer. As economic conditions declined during the course of the year, industrial markets served by our manufacturing segment were affected most severely. Heavy-truck, recreational vehicle, and other manufacturing-based businesses experienced a squeeze on their own revenues and profits. Most companies responded by cutting spending, producing less, and reducing inventories.

The effects of widespread consolidation, both within the markets we serve and among competitors, further exacerbated already-intense pressure on pricing within our product lines. Although price variances for high-density polyethylene, the primary raw material for the plastic products we manufacture, were favorable throughout 2001, they were insufficient to offset lower demand within the context of the intense price competition that resulted from the overcapacity within the marketplace.

Distribution Segment Overview

Compared to 2000's fourth quarter and full year results, sales in the distribution segment were down 6 percent for the quarter and 5 percent for the year. Lower sales of both passenger and truck original equipment and replacement tires, plus weak demand for service to both tires and wheels, as well as related undervehicle components which our products support, hurt our performance in this segment.

Product mix was consistent with that of the previous year, weighted more toward consumable supplies than capital equipment. During last year, we worked at expanding relationships with national accounts to achieve exclusive or preferred supplier status. The modest sales and profit decline in the distribution segment, when compared to the manufacturing segment, particularly in the fourth quarter, illustrates its relative stability.