

PARK OHIO HOLDINGS CORP

Form 10-Q

May 10, 2011

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

Form 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2011
- or**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 0-3134

Park-Ohio Holdings Corp.
(Exact name of registrant as specified in its charter)

Ohio
*(State or other jurisdiction of
incorporation or organization)*
6065 Parkland Boulevard, Cleveland, Ohio
(Address of principal executive offices)

34-1867219
*(I.R.S. Employer
Identification No.)*
44124
(Zip Code)

440/947-2000
(Registrant's telephone number, including area code)

Park-Ohio Holdings Corp. is a successor issuer to Park-Ohio Industries, Inc.

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 twelve months (or for such shorter period that the registrant was required to file such reports) and
- (2) Has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares outstanding of registrant's Common Stock, par value \$1.00 per share, as of April 30, 2011: 11,826,020.

The Exhibit Index is located on page 24.

PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES

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Table of Contents**PART I. Financial Information****ITEM 1. *Financial Statements*****PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

| | (Unaudited) | |
|--|-------------------------------|---------------------|
| | March 31, | December 31, |
| | 2011 | 2010 |
| | (Dollars in thousands) | |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 30,814 | \$ 35,311 |
| Accounts receivable, less allowances for doubtful accounts of \$5,473 at March 31, 2011 and \$6,011 at December 31, 2010 | 146,470 | 126,409 |
| Inventories | 200,707 | 192,542 |
| Deferred tax assets | 10,496 | 10,496 |
| Unbilled contract revenue | 13,774 | 12,751 |
| Other current assets | 10,646 | 12,800 |
| Total Current Assets | 412,907 | 390,309 |
| Property, Plant and Equipment | 256,820 | 253,077 |
| Less accumulated depreciation | 189,664 | 184,294 |
| | 67,156 | 68,783 |
| Other Assets | | |
| Goodwill | 9,671 | 9,100 |
| Other | 85,227 | 84,340 |
| | \$ 574,961 | \$ 552,532 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current Liabilities | | |
| Trade accounts payable | \$ 114,972 | \$ 95,695 |
| Accrued expenses | 66,199 | 59,487 |
| Current portion of long-term debt | 7,792 | 13,756 |
| Current portion of other postretirement benefits | 2,178 | 2,178 |
| Total Current Liabilities | 191,141 | 171,116 |
| Long-Term Liabilities, less current portion | | |
| 8.375% Senior Subordinated Notes due 2014 | 183,835 | 183,835 |
| Revolving credit facility | 103,800 | 113,300 |

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| | | |
|---|------------|------------|
| Other long-term debt | 5,058 | 5,322 |
| Deferred tax liability | 9,721 | 9,721 |
| Other postretirement benefits and other long-term liabilities | 23,372 | 22,863 |
| | 325,786 | 335,041 |
| Shareholders' Equity | | |
| Capital stock, par value \$1 a share: | | |
| Serial Preferred Stock | -0- | -0- |
| Common Stock | 13,397 | 13,397 |
| Additional paid-in capital | 68,513 | 68,085 |
| Retained deficit | (10,314) | (19,043) |
| Treasury stock, at cost | (18,726) | (18,502) |
| Accumulated other comprehensive income | 5,164 | 2,438 |
| | 58,034 | 46,375 |
| | \$ 574,961 | \$ 552,532 |

Note: The balance sheet at December 31, 2010 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See accompanying notes to these unaudited condensed consolidated financial statements. The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents**PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

| | Three Months Ended March 31, | |
|--|--|-------------|
| | 2011 | 2010 |
| | (Amounts in thousands, except per share data) | |
| Net sales | \$ 241,628 | \$ 191,701 |
| Cost of products sold | 199,693 | 162,363 |
| Gross profit | 41,935 | 29,338 |
| Selling, general and administrative expenses | 25,665 | 20,968 |
| Operating income | 16,270 | 8,370 |
| Interest expense | 5,863 | 5,436 |
| Income before income taxes | 10,407 | 2,934 |
| Income taxes | 1,678 | 868 |
| Net income | \$ 8,729 | \$ 2,066 |
| Amounts per common share: | | |
| Basic | \$.76 | \$.19 |
| Diluted | \$.73 | \$.18 |
| Common shares used in the computation: | | |
| Basic | 11,460 | 11,108 |
| Diluted | 11,987 | 11,647 |

See accompanying notes to these unaudited condensed consolidated financial statements. The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents**PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY (UNAUDITED)**

| | Common Stock | Additional Paid-In Capital | Retained Deficit | Treasury Stock | Accumulated Other Comprehensive Income | Total |
|--|-------------------------------|---|-----------------------------|---------------------------|---|--------------|
| | (Dollars in thousands) | | | | | |
| Balance at January 1, 2011 | \$ 13,397 | \$ 68,085 | \$ (19,043) | \$ (18,502) | \$ 2,438 | \$ 46,375 |
| Comprehensive income: | | | | | | |
| Net income | | | 8,729 | | | 8,729 |
| Foreign currency translation adjustment | | | | | 2,620 | 2,620 |
| Pension and post retirement benefit adjustments, net of tax | | | | | 106 | 106 |
| Comprehensive income | | | | | | 11,455 |
| Amortization of restricted stock | | 380 | | | | 380 |
| Purchase of treasury stock (11,658 shares) | | | | (224) | | (224) |
| Share-based compensation | | 48 | | | | 48 |
| Balance at March 31, 2011 | \$ 13,397 | \$ 68,513 | \$ (10,314) | \$ (18,726) | \$ 5,164 | \$ 58,034 |

See accompanying notes to these condensed consolidated financial statements. The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents**PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

| | Three Months Ended March 31, | |
|---|---|-------------|
| | 2011 | 2010 |
| | (Dollars in thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | \$ 8,729 | \$ 2,066 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,957 | 4,168 |
| Share-based compensation expense | 428 | 462 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (20,061) | (15,405) |
| Inventories and other current assets | (7,033) | 9,838 |
| Accounts payable and accrued expenses | 25,989 | 17,653 |
| Other | 961 | (4,923) |
| Net Cash Provided by Operating Activities | 12,970 | 13,859 |
| INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment, net | (1,515) | (217) |
| Net Cash Used by Investing Activities | (1,515) | (217) |
| FINANCING ACTIVITIES | | |
| Payments on debt, net | (15,728) | (4,450) |
| Debt issue costs | -0- | (3,806) |
| Purchase of treasury stock | (224) | (350) |
| Net Cash Used by Financing Activities | (15,952) | (8,606) |
| (Decrease) Increase in Cash and Cash Equivalents | (4,497) | 5,036 |
| Cash and Cash Equivalents at Beginning of Period | 35,311 | 23,098 |
| Cash and Cash Equivalents at End of Period | \$ 30,814 | \$ 28,134 |
| Taxes paid | \$ 463 | \$ 573 |
| Interest paid | 1,389 | 1,167 |

See accompanying notes to these condensed consolidated financial statements. The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2011

(Dollars and shares in thousands, except per share amounts)

NOTE A Basis of Presentation

The consolidated financial statements include the accounts of Park-Ohio Holdings Corp. and its subsidiaries (the Company). All significant intercompany transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

NOTE B Segments

The Company operates through three segments: Supply Technologies, Aluminum Products and Manufactured Products. Supply Technologies provides our customers with Total Supply Managementtm services for a broad range of high-volume, specialty production components. Total Supply Managementtm manages the efficiencies of every aspect of supplying production parts and materials to our customers manufacturing floor, from strategic planning to program implementation, and includes such services as engineering and design support, part usage and cost analysis, supplier selection, quality assurance, bar coding, product packaging and tracking, just-in-time and point-of-use delivery, electronic billing services and ongoing technical support. Aluminum Products manufactures cast aluminum components for automotive, agricultural equipment, construction equipment, heavy-duty truck and marine equipment industries. Aluminum Products also provides value-added services such as design and engineering, machining and assembly. Manufactured Products operates a diverse group of niche manufacturing businesses that design and manufacture a broad range of high quality products engineered for specific customer applications.

Table of Contents**PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Results by business segment were as follows:

| | Three Months Ended March 31, | |
|-----------------------------|---|-------------|
| | 2011 | 2010 |
| Net sales: | | |
| Supply Technologies | \$ 123,226 | \$ 94,238 |
| Aluminum Products | 39,041 | 36,588 |
| Manufactured Products | 79,361 | 60,875 |
| | \$ 241,628 | \$ 191,701 |
| Income before income taxes: | | |
| Supply Technologies | \$ 8,633 | \$ 4,484 |
| Aluminum Products | 3,314 | 1,936 |
| Manufactured Products | 8,546 | 4,933 |
| | 20,493 | 11,353 |
| Corporate costs | (4,223) | (2,983) |
| Interest expense | (5,863) | (5,436) |
| | \$ 10,407 | \$ 2,934 |

| | March 31, 2011 | December 31, 2010 |
|--------------------------------------|---------------------------|------------------------------|
| Identifiable assets were as follows: | | |
| Supply Technologies | \$ 234,397 | \$ 217,915 |
| Aluminum Products | 68,901 | 66,219 |
| Manufactured Products | 201,909 | 188,017 |
| General corporate | 69,754 | 80,381 |
| | \$ 574,961 | \$ 552,532 |

NOTE C Inventories

The components of inventory consist of the following:

| March 31, | December 31, |
|------------------|---------------------|
|------------------|---------------------|

| | 2011 | 2010 |
|----------------------------|-------------|-------------|
| Finished goods | \$ 118,551 | \$ 116,202 |
| Work in process | 23,256 | 24,339 |
| Raw materials and supplies | 58,900 | 52,001 |
| | \$ 200,707 | \$ 192,542 |

NOTE D Shareholders Equity

At March 31, 2011, capital stock consists of (i) Serial Preferred Stock, of which 632,470 shares were authorized and none were issued, and (ii) Common Stock, of which 40,000,000 shares were authorized and 13,396,674 shares were issued, of which 11,826,020 were outstanding and 1,570,654 were treasury shares.

Table of Contents**PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE E Net Income Per Common Share**

The following table sets forth the computation of basic and diluted earnings per share:

| | Three Months Ended March 31, | |
|--|---|-------------|
| | 2011 | 2010 |
| NUMERATOR | | |
| Net income | \$ 8,729 | \$ 2,066 |
| DENOMINATOR | | |
| Denominator for basic earnings per share weighted average shares | 11,460 | 11,108 |
| Effect of dilutive securities: | | |
| Employee stock options | 527 | 539 |
| Denominator for diluted earnings per share weighted average shares and assumed conversions | 11,987 | 11,647 |
| Amounts per common share: | | |
| Basic | \$.76 | \$.19 |
| Diluted | \$.73 | \$.18 |

Basic earnings per common share is computed as net income available to common shareholders divided by the weighted average basic shares outstanding. Diluted earnings per common share is computed as net income available to common shareholders divided by the weighted average diluted shares outstanding.

Outstanding stock options with exercise prices greater than the average price of the common shares are anti-dilutive and are not included in the computation of diluted earning per share. Stock options on 20,000 and 206,685 shares were excluded in the three months ended March 31, 2011 and 2010, respectively, because they were anti-dilutive.

NOTE F Stock-Based Compensation

Total stock-based compensation expense recorded in the first three months of 2011 and 2010 was \$428 and \$462, respectively. There were no stock option or restricted stock awards during the first three months of 2011 and 2010. As of March 31, 2011, there was \$1,475 of unrecognized compensation cost related to non-vested stock-based compensation, which is expected to be recognized over a weighted average period of 1.5 years.

Table of Contents**PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE G Pension Plans and Other Postretirement Benefits**

The components of net periodic benefit cost recognized during interim periods was as follows:

| | Three Months Ended March 31, | | | |
|------------------------------------|---|-------------|------------------------------------|-------------|
| | Pension Benefits | | Postretirement Benefits | |
| | 2011 | 2010 | 2011 | 2010 |
| Service costs | \$ 109 | \$ 81 | \$ 12 | \$ 9 |
| Interest costs | 596 | 643 | 228 | 248 |
| Expected return on plan assets | (2,229) | (1,984) | -0- | -0- |
| Transition obligation | (10) | (10) | -0- | -0- |
| Amortization of prior service cost | 11 | 15 | (24) | (24) |
| Recognized net actuarial loss | -0- | 82 | 129 | 107 |
| Benefit (income) costs | \$ (1,523) | \$ (1,173) | \$ 345 | \$ 340 |

During March 2009, the Company suspended indefinitely its contribution to its 401(k) defined contribution plan covering substantially all U.S. employees.

NOTE H Comprehensive Income

Total comprehensive income was as follows:

| | Three Months Ended March 31, | |
|---|---|-------------|
| | 2011 | 2010 |
| Net income | \$ 8,729 | \$ 2,066 |
| Foreign currency translation | 2,620 | (2,027) |
| Pension and post retirement benefit adjustments, net of tax | 106 | 195 |
| Total comprehensive income | \$ 11,455 | \$ 234 |

The components of accumulated comprehensive income at March 31, 2011 and December 31, 2010 are as follows:

| March 31, 2011 | December 31, 2010 |
|---------------------------|------------------------------|
|---------------------------|------------------------------|

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| | | | | |
|--|----|---------|----|---------|
| Foreign currency translation adjustment | \$ | 8,859 | \$ | 6,239 |
| Pension and postretirement benefit adjustments, net of tax | | (3,695) | | (3,801) |
| | \$ | 5,164 | \$ | 2,438 |

The pension and postretirement benefit liability amounts are net of deferred taxes of \$1,143 at March 31, 2011 and December 31, 2010. No income taxes are provided on foreign currency translation adjustments as foreign earnings are considered permanently invested.

Table of Contents**PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE I Accrued Warranty Costs**

The Company estimates the amount of warranty claims on sold products that may be incurred based on current and historical data. The actual warranty expense could differ from the estimates made by the Company based on product performance. The following table presents the changes in the Company's product warranty liability:

| | 2011 | 2010 |
|---|----------|----------|
| Balance at January 1 | \$ 4,046 | \$ 2,760 |
| Claims paid during the quarter | (127) | (246) |
| Additional warranties issued during the quarter | 149 | 73 |
| Balance at March 31 | \$ 4,068 | \$ 2,587 |

NOTE J Income Taxes

The Company's tax provision for interim periods is determined using an estimate of its annual effective income tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the Company updates the estimated annual effective income tax rate, and if the estimated income tax rate changes, a cumulative adjustment is made.

The effective income tax rate in the first three months of 2011 and 2010 was 16% and 30%, respectively. The 2011 annual effective income tax rate is estimated to be approximately 17% and is lower than the 35% United States federal statutory rate primarily due to anticipated income in the United States for which the Company will record no tax expense due to a full valuation allowance against its U.S. net deferred tax assets and anticipated income earned in jurisdictions outside of the United States where the effective income tax rate is lower than in the United States.

NOTE K Fair Value Measurements

The Company measures financial assets and liabilities at fair value in three levels of inputs. The three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is:

Level 1 Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The fair value of the 8.375% Subordinated Notes due 2014 is estimated based on a third party's bid price. The fair value approximated \$189,350 at March 31, 2011 and \$187,512 at December 31, 2010.

NOTE L Financing Arrangements

The Company is a party to a credit and security agreement dated November 5, 2003, as amended (Credit Agreement), with a group of banks, under which it may borrow or issue standby letters of credit or commercial letters of credit. On March 8, 2010 and subsequently on August 31, 2010, the Credit Agreement was amended and restated to among other things, extend its maturity date to April 30, 2014 and reduce the loan commitment from \$270,000 to \$210,000, which includes a term loan A that is secured by real estate and machinery and equipment and an unsecured term loan B. The Credit Agreement contains a detailed borrowing base formula that provides borrowing capacity to the Company based on negotiated percentages of eligible accounts receivable, inventory and fixed assets. At March 31, 2011, the Company had approximately \$61,900 of unused borrowing capacity available under the Credit Agreement. Amounts borrowed under the revolving credit facility may be borrowed at either

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(i) LIBOR plus 3% to 4% or (ii) the bank's prime lending rate plus 1%, at the Company's election. The LIBOR-based interest rate is dependent on the Company's debt service coverage ratio, as defined in the Credit Agreement. Interest on the term loan A is at either (i) LIBOR plus 3.25% to 4.25% or (ii) the bank's prime lending rate plus .75% to 1.75%, at the Company's election. Interest on the term loan B is at either (i) LIBOR plus 5.25% to 6.25% or (ii) the bank's prime lending rate plus 3.25% to 4.25%, at the Company's election. The term loan A is amortized based on a ten-year schedule with the balance due at maturity. The term loan B is amortized over a two-year period, plus 50% of debt service coverage excess capped at \$3,500.

Long-term debt consists of the following:

| | March 31, 2011 | December 31, 2010 |
|---|---------------------------|------------------------------|
| 8.375% senior subordinated notes due 2014 | \$ 183,835 | \$ 183,835 |
| Revolving credit | 81,400 | 90,200 |
| Term loan A | 25,200 | 25,900 |
| Term loan B | 3,700 | 8,400 |
| Other | 6,350 | 7,878 |
| | 300,485 | 316,213 |
| Less current maturities | 7,792 | 13,756 |
| Total | \$ 292,693 | \$ 302,457 |

On April 7, 2011, the Company completed the sale of \$250,000 in aggregate principal amount of 8.125% Senior Notes due 2021 (the "Notes") in an offering exempt from the registration requirements of the Securities Act of 1933. The Notes bear an interest rate of 8.125% per annum and will be payable semi-annually in arrears on April 1 and October 1 of each year commencing on October 1, 2011. The Notes mature on April 1, 2021. In connection with the sale of the Notes, the Company also entered into a fourth amended and restated credit agreement (the "Amended Credit Agreement"). The Amended Credit Agreement, among other things, provides an increased revolving credit facility up to \$200,000, extends the maturity date of the borrowings under the revolving credit facility to April 7, 2016 and amends fee and pricing terms. Furthermore, the Company has the option, pursuant to the Amended Credit Agreement, to increase the availability under the revolving credit facility by \$50,000. The Company also purchased all of its outstanding 8.375% senior subordinated notes due 2014 in the aggregate principal amount of \$183,835 that were not held by its affiliates, repaid all of the term loan A and term loan B outstanding under its then existing credit facility and retired the 8.375% senior subordinated notes due 2014 in the aggregate principal amount of \$26,165 that were held by its affiliates.

NOTE M Accounts Receivable

During the first three months of 2011 and 2010, the Company sold approximately \$11,690 and \$6,576, respectively, of accounts receivable to mitigate accounts receivable concentration risk and to provide additional financing capacity and recorded a loss in the amount of \$53 and \$21, respectively, in the Consolidated Statements of Income. These

losses represented implicit interest on the transactions.

NOTE N Acquisition

On December 31, 2010, the Company through its subsidiary Ajax Tocco Magnathermic acquired the assets and the related induction heating intellectual property of ABP Induction's United States heating business operating as Pillar Induction (Pillar). Pillar provides complete turnkey automated induction power systems and aftermarket parts and service to a worldwide market.

The assets of Pillar have been integrated into the Company's manufactured products segment. The acquisition was accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the

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total estimated purchase price is allocated to Pillar's net tangible assets and intangible assets acquired and liabilities assumed based on their estimated fair values as of December 31, 2010, the effective date of the acquisition. Based on management's valuation of the fair value of tangible and intangible assets acquired and liabilities assumed which are based on estimates and assumptions that are subject to change, the purchase price is allocated as follows:

| | |
|---|---------------|
| Accounts receivable | \$ 3,164 |
| Inventories | 2,782 |
| Prepaid expenses and other current assets | 178 |
| Property, plant and equipment | 447 |
| Customer relationships | 3,480 |
| Technological know how | 1,890 |
| Trade name and other intangible assets | 710 |
| Accounts payable | (1,202) |
| Accrued expenses | (2,133) |
| Goodwill | 990 |
| Total purchase price | \$ 10,306 |

The purchase price allocation was finalized during March 2011 and reflects the working capital adjustment as of December 31, 2010. There were no significant direct transaction costs included in selling, general and administrative expenses during the first three months of 2011.

During the third quarter of 2010, the Company also completed the acquisition of the ACS business (ACS) of Lawson Products, Inc. and substantially all of the assets of Rome Die Casting LLC (Rome). The following unaudited pro forma information is provided to present a summary of the combined results of the Company's operations with ACS, Rome and Pillar as if the acquisitions had occurred on January 1, 2010. The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of what the results would have been had the acquisitions been completed at the date indicated above.

| | Three Months Ended March 31, 2010 |
|----------------------|--|
| Pro forma revenues | \$ 212,754 |
| Pro forma net income | \$ 2,125 |
| Earnings per share: | |
| Basic | \$.19 |
| Diluted | \$.18 |

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Park-Ohio Holdings Corp.

We have reviewed the accompanying condensed consolidated balance sheet of Park-Ohio Holdings Corp. and subsidiaries as of March 31, 2011, and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2011 and 2010 and the condensed consolidated statement of shareholders' equity for the three-month period ended March 31, 2011. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based upon our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Park-Ohio Holdings Corp. and subsidiaries as of December 31, 2010 and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended, not presented herein; and in our report dated March 8, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2010, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Cleveland, Ohio
May 10, 2011

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Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Our condensed consolidated financial statements include the accounts of Park-Ohio Holdings Corp. and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Executive Overview

We are an industrial Total Supply Management™ and diversified manufacturing business, operating in three segments: Supply Technologies, Aluminum Products and Manufactured Products. Our Supply Technologies business provides our customers with Total Supply Management™, a proactive solutions approach that manages the efficiencies of every aspect of supplying production parts and materials to our customers' manufacturing floor, from strategic planning to program implementation. Total Supply Management™ includes such services as engineering and design support, part usage and cost analysis, supplier selection, quality assurance, bar coding, product packaging and tracking, just-in-time and point-of-use delivery, electronic billing services and ongoing technical support. The principal customers of Supply Technologies are in the heavy-duty truck, automotive and vehicle parts, electrical distribution and controls, consumer electronics, power sports/fitness equipment, HVAC, agricultural and construction equipment, semiconductor equipment, plumbing, aerospace and defense, and appliance industries. Aluminum Products casts and machines aluminum engine, transmission, brake, suspension and other components such as pump housings, clutch retainers/pistons, control arms, knuckles, master cylinders, pinion housings, brake calipers, oil pans and flywheel spacers for automotive, agricultural equipment, construction equipment, heavy-duty truck and marine equipment original equipment manufacturers (OEMs), primarily on a sole-source basis. Aluminum Products also provides value-added services such as design and engineering and assembly. Manufactured Products operates a diverse group of niche manufacturing businesses that design and manufacture a broad range of highly-engineered products including induction heating and melting systems, pipe threading systems, industrial oven systems, injection molded rubber components, and forged and machined products. Manufactured Products also produces and provides services and spare parts for the equipment it manufactures. The principal customers of Manufactured Products are OEMs, sub-assemblers and end users in the ferrous and non-ferrous metals, silicon, coatings, forging, foundry, heavy-duty truck, construction equipment, automotive, oil and gas, rail and locomotive manufacturing and aerospace and defense industries. Sales, earnings and other relevant financial data for these three segments are provided in Note B to the condensed consolidated financial statements, included elsewhere herein.

During the third quarter of 2010, Supply Technologies completed the acquisition of certain assets and assumed specific liabilities relating to the ACS business of Lawson Products, Inc. for \$16.0 million in cash and a \$2.2 million subordinated promissory note payable in equal quarterly installments over three years (\$1.7 million outstanding at March 31, 2011). ACS is a provider of supply chain management solutions for a broad range of production components through its service centers throughout North America.

On September 30, 2010, the Company entered a Bill of Sale with Rome Die Casting LLC (Rome), a producer of aluminum high pressure die castings, pursuant to which Rome agreed to transfer to the Company substantially all of its assets in exchange for approximately \$7.5 million of notes receivable due from Rome.

On December 31, 2010, the Company through its subsidiary Ajax Tocco Magnathermic acquired the assets and the related induction heating intellectual property of ABP Induction's United States heating business operating as Pillar Induction (Pillar) for \$10.3 million in cash. Pillar provides complete turnkey automated induction power systems and aftermarket parts and service to a worldwide market.

On April 7, 2011, the Company completed the sale of \$250 million in aggregate principal amount of 8.125% Senior Notes due 2021 (the Notes) in an offering exempt from the registration requirements of the Securities Act of 1933. The Notes bear an interest rate of 8.125% per annum and will be payable semi-annually in arrears on April 1 and

October 1 of each year commencing on October 1, 2011. The Notes mature on April 1, 2021. In connection with the sale of the Notes, the Company entered into a fourth amended and restated credit agreement (the Amended Credit Agreement). The Amended Credit Agreement, among other things, provides an increased revolving credit facility up to \$200 million, extends the maturity date of the borrowings under the revolving credit facility to April 7, 2016 and amends fee and pricing terms. Furthermore, the Company has the option, pursuant to the Amended Credit Agreement, to increase the availability under the revolving credit facility by \$50 million. The

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Company also purchased all of its outstanding 8.375% senior subordinated notes due 2014 in aggregate principal amount of \$183.8 million that were not held by its affiliates, repaid all of the term loan A and term loan B outstanding under its then existing credit facility and retired the 8.375% senior subordinated notes due 2014 in the aggregate principal amount of \$26.2 million that were held by its affiliates.

Critical Accounting Policies

Our critical accounting policies are described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and in the notes to our Consolidated Financial Statements for the year ended December 31, 2010 contained in our 2010 Annual Report on Form 10-K. There were no new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements discussed in the notes to our Consolidated Financial Statements in this Quarterly Report on Form 10-Q. The application of our critical accounting policies may require management to make judgments and estimates about the amounts reflected in the Consolidated Financial Statements. Management uses historical experience and all available information to make these estimates and judgments, and different amounts could be reported using different assumptions and estimates.

Results of Operations***Three Months 2011 versus Three Months 2010******Net Sales by Segment:***

| | Three Months Ended March 31, | | | |
|------------------------|---|-------------|---------------|---------------------------|
| | 2011 | 2010 | Change | Percent Change |
| | (Dollars in millions) | | | |
| Supply Technologies | \$ 123.2 | \$ 94.2 | \$ 29.0 | 31% |
| Aluminum Products | 39.0 | 36.6 | 2.4 | 7% |
| Manufactured Products | 79.4 | 60.9 | 18.5 | 30% |
| Consolidated Net Sales | \$ 241.6 | \$ 191.7 | \$ 49.9 | 26% |

Net sales increased \$49.9 million to \$241.6 million in the first three months of 2011 compared to \$191.7 million in the same period in 2010 as the Company experienced volume increases in each of its segments. Supply Technologies sales increased 31% primarily due to volume increases in the heavy-duty truck, electrical, semi-conductor, power sports, HVAC, agricultural and construction equipment industries offset primarily by declines in the consumer electronics, medical and plumbing industries. In addition, there were \$14.0 million of sales resulting from the acquisition of the ACS business. Aluminum Products sales increased 7% primarily from sales of \$8.2 million resulting from the acquisition of the Rome business. Manufactured Products sales increased 30% primarily due to the increased business in the capital equipment, forged and machine and rubber products business units. In addition, there were \$5.8 million of sales resulting from the acquisition of Pillar.

Cost of Products Sold & Gross Profit:

| | Three Months Ended March 31, | | | |
|------------------------------------|---|-------------|---------------|---------------------------|
| | 2011 | 2010 | Change | Percent Change |
| | (Dollars in millions) | | | |
| Consolidated cost of products sold | \$ 199.7 | \$ 162.4 | \$ 37.3 | 23% |
| Consolidated gross profit | \$ 41.9 | \$ 29.3 | \$ 12.6 | 43% |
| Gross margin | 17.3% | 15.3% | | |

Cost of products sold increased \$37.3 million to \$199.7 million in the first three months of 2011 compared to \$162.4 million in the same period in 2010, while gross margin increased to 17.3% in the first three months of 2011

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compared to 15.3% in the same period in 2010. Gross margin increased in each business unit resulting primarily from volume increases.

Selling, General & Administrative (SG&A) Expenses:

| | Three Months Ended | | Change | Percent Change |
|----------------------------|------------------------------|-------------|---------------|-----------------------|
| | 2011 | 2010 | | |
| | March 31, | | | |
| | (Dollars in millions) | | | |
| Consolidated SG&A expenses | \$ 25.7 | \$ 21.0 | \$ 4.7 | 22% |
| SG&A percent | 10.6% | 11.0% | | |

Consolidated SG&A expenses increased 22% in the first three months of 2011 compared to the same period in 2010, representing a 4 basis point decrease in SG&A expenses as a percent of sales. SG&A expenses increased in the first three months of 2011 compared to the same period in 2010 primarily due to increases in payroll and payroll related expenses.

Interest Expense:

| | Three Months | | Change | Percent Change |
|--------------------------------|------------------------------|-------------|------------------|-----------------------|
| | 2011 | 2010 | | |
| | Ended | | | |
| | March 31, | | | |
| | (Dollars in millions) | | | |
| Interest expense | \$ 5.9 | \$ 5.4 | \$.5 | 9% |
| Average outstanding borrowings | \$ 308.7 | \$ 331.0 | \$(22.3) | (7)% |
| Average borrowing rate | 7.64% | 6.52% | 112 basis points | |

Interest expense increased \$.5 million in the first three months of 2011 compared to the same period of 2010, primarily due to a higher average borrowing rate during the first three months of 2011. Average borrowings in the first three months of 2011 were lower when compared to the same period in 2010. The higher average borrowing rate in the first three months of 2011 was due primarily to increased interest rates under our revolving credit facility compared to the same period in 2010.

Income Tax:

The provision for income taxes was \$1.7 million in the first three months of 2011, a 16% effective income tax rate, compared to income taxes of \$.9 million provided in the corresponding period of 2010, a 30% effective income tax rate. We estimate that the effective tax rate for full-year 2011 will be approximately 17%.

Liquidity and Sources of Capital

As of March 31, 2011, the Company had \$110.3 million outstanding under its then existing revolving credit facility, and approximately \$61.9 million of unused borrowing availability.

Our liquidity needs are primarily for working capital and capital expenditures. Our primary sources of liquidity have been funds provided by operations and funds available from existing bank credit arrangements and the sale of our senior notes. On April 7, 2011, the Company completed the sale of \$250.0 million in aggregate principal amount of Notes in an offering exempt from the registration requirements of the Securities Act of 1933. The Notes bear an interest rate of 8.125% per annum and will be payable semi-annually in arrears on April 1 and October 1 of each year commencing on October 1, 2011. The Notes mature on April 1, 2021. In connection with the sale of the Notes, the Company also entered into the Amended Credit Agreement. The Amended Credit Agreement among other things, provides an increased credit facility up to \$200.0 million, extends the maturity date of the borrowings under the facility to April 7, 2016 and amends fee and pricing terms. Furthermore, the Company has the option, pursuant to the Amended Credit Agreement, to increase the availability under the revolving credit facility by \$50.0 million. The Company also purchased all of its outstanding 8.375% senior subordinated notes due 2014 in the aggregate principal amount of \$183.8 million that were not held by its affiliates, repaid all of the term loan A and term loan B

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outstanding under its then existing credit facility and retired the 8.375% senior subordinated notes due 2014 in the aggregate principal amount of \$26.2 million that were held by its affiliates.

Current financial resources (working capital and available bank borrowing arrangements) and anticipated funds from operations are expected to be adequate to meet current cash requirements for at least the next twelve months. The future availability of bank borrowings under the revolving credit facility is based on the Company's ability to meet a debt service ratio covenant, which could be materially impacted by negative economic trends. Failure to meet the debt service ratio could materially impact the availability and interest rate of future borrowings.

At March 31, 2011, the Company's debt service coverage ratio was 1.8, and, therefore, it was in compliance with the debt service coverage ratio covenant contained in the revolving credit facility. The Company was also in compliance with the other covenants contained in the revolving credit facility as of March 31, 2011. The debt service coverage ratio is calculated at the end of each fiscal quarter and is based on the most recently ended four fiscal quarters of consolidated EBITDA minus cash taxes paid, minus unfunded capital expenditures, plus cash tax refunds to consolidated debt charges which are consolidated cash interest expense plus scheduled principal payments on indebtedness plus scheduled reductions in our term debt as defined in the revolving credit facility. The debt service coverage ratio must be greater than 1.0 and not less than 1.1 for any two consecutive fiscal quarters. While we expect to remain in compliance throughout 2011, declines in sales volumes in 2011 could adversely impact our ability to remain in compliance with certain of these financial covenants. Additionally, to the extent our customers are adversely affected by declines in the economy in general, they may not be able to pay their accounts payable to us on a timely basis or at all, which would make the accounts receivable ineligible for purposes of the revolving credit facility and could reduce our borrowing base and our ability to borrow under such facility.

The ratio of current assets to current liabilities was 2.16 at March 31, 2011 versus 2.28 at December 31, 2010. Working capital increased by \$2.6 million to \$221.8 million at March 31, 2011 from \$219.2 million at December 31, 2010. Accounts receivable increased \$20.1 million to \$146.5 million at March 31, 2011 from \$126.4 million in 2010 primarily resulting from sales volume increases. Inventory increased by \$8.2 million at March 31, 2011 to \$200.7 million from \$192.5 million at December 31, 2010 primarily resulting from planned increases due to sales volume increases. Accrued expenses increased by \$6.7 million to \$66.2 million at March 31, 2011 from \$59.5 million at December 31, 2010 primarily resulting from the terms of the payments of interest due on the Company's 8.375% Senior Subordinated Notes and accounts payable increased \$19.3 million to \$115.0 million at March 31, 2011 from \$95.7 million at December 31, 2010.

During the first three months of 2011, the Company provided \$13.0 million from operating activities compared to \$13.9 million in the same period of 2010. The decrease in the operating cash provision of \$.9 million in 2011 compared to 2010 was primarily the result of a decrease in operating assets and liabilities offset by an increase in net income. In the first three months of 2011, the Company used cash of \$1.5 million for capital expenditures. These activities, plus cash interest and tax payments of \$1.9 million, a net reduction in borrowings of \$15.7 million and purchase of treasury stock of \$.2 million resulted in a decrease in cash of \$4.5 million in the first three months of 2011.

We do not have off-balance sheet arrangements, financing or other relationships with unconsolidated entities or other persons. There are occasions whereupon we enter into forward contracts on foreign currencies, purely for the purpose of hedging exposure to changes in the value of accounts receivable in those currencies against the U.S. dollar. At March 31, 2011, none were outstanding. We currently have no other derivative instruments.

Seasonality; Variability of Operating Results

The timing of orders placed by our customers has varied with, among other factors, orders for customers' finished goods, customer production schedules, competitive conditions and general economic conditions. The variability of the level and timing of orders has, from time to time, resulted in significant periodic and quarterly fluctuations in the operations of our business units. Such variability is particularly evident at the capital equipment businesses, included in the Manufactured Products segment, which typically ship a few large systems per year.

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Forward-Looking Statements

This Form 10-Q contains certain statements that are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words believes, anticipates, plans, expects, intends, estimates and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to the following: our substantial indebtedness; any deterioration in the global economic environment; general business conditions and competitive factors, including pricing pressures and product innovation; demand for our products and services; raw material availability and pricing; component part availability and pricing; changes in our relationships with customers and suppliers; the financial condition of our customers, including the impact of any bankruptcies; our ability to successfully integrate recent and future acquisitions into existing operations; changes in general domestic economic conditions such as inflation rates, interest rates, tax rates, unemployment rates, higher labor and healthcare costs, recessions and changing government policies, laws and regulations, including the uncertainties related to the current global financial crisis; adverse impacts to us, our suppliers and customers from acts of terrorism or hostilities; our ability to meet various covenants, including financial covenants, contained in the agreements governing our indebtedness; disruptions, uncertainties or volatility in the credit markets that may limit our access to capital; increasingly stringent domestic and foreign governmental regulations, including those affecting the environment; inherent uncertainties involved in assessing our potential liability for environmental remediation-related activities; the outcome of pending and future litigation and other claims; our dependence on the automotive and heavy-duty truck industries, which are highly cyclical; the dependence of the automotive industry on consumer spending, which could be lower due to the effects of the current financial crisis; our ability to negotiate contracts with labor unions; dependence on key management; dependence on information systems; and the other factors we describe under the Item 1A. Risk Factors included in the Company's annual report on Form 10-K for the year ended December 31, 2010. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. In light of these and other uncertainties, the inclusion of a forward-looking statement herein should not be regarded as a representation by us that our plans and objectives will be achieved.

Review By Independent Registered Public Accounting Firm

The condensed consolidated financial statements at March 31, 2011, and for the three-month periods ended March 31, 2011 and 2010, have been reviewed, prior to filing, by Ernst & Young LLP, our independent registered public accounting firm, and their report is included herein.

Item 3. *Quantitative and Qualitative Disclosure About Market Risk*

We are exposed to market risk including changes in interest rates. We are subject to interest rate risk on borrowings under our floating rate revolving credit facility, which consisted of borrowings of \$110.3 million at March 31, 2011. A 100 basis point increase in the interest rate would have resulted in an increase in interest expense of approximately \$.3 million during the three-month period ended March 31, 2011.

Our foreign subsidiaries generally conduct business in local currencies. During the first quarter of 2011, we recorded a favorable foreign currency translation adjustment of \$2.6 million related to net assets located outside the United States. This foreign currency translation adjustment resulted primarily from the weakening of the U.S. dollar. Our foreign operations are also subject to other customary risks of operating in a global environment, such as unstable political situations, the effect of local laws and taxes, tariff increases and regulations and requirements for export licenses, the potential imposition of trade or foreign exchange restrictions and transportation delays.

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The Company periodically enters into forward contracts on foreign currencies, primarily the euro and the British Pound Sterling, purely for the purpose of hedging exposure to changes in the value of accounts receivable in those currencies against the U.S. dollar. The Company currently uses no other derivative instruments. At March 31, 2011, there were no such currency hedge contracts outstanding.

Item 4. *Controls and Procedures*

Under the supervision of and with the participation of our management, including our chief executive officer and chief financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this quarterly report.

Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this quarterly report, our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting that occurred during the first quarter of 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II

OTHER INFORMATION

Item 1. *Legal Proceedings*

We are subject to various pending and threatened lawsuits in which claims for monetary damages are asserted in the ordinary course of business. While any litigation involves an element of uncertainty, in the opinion of management, liabilities, if any, arising from currently pending or threatened litigation are not expected to have a material adverse effect on our financial condition, liquidity or results of operations.

At March 31, 2011, we were a co-defendant in approximately 260 cases asserting claims on behalf of approximately 1,230 plaintiffs alleging personal injury as a result of exposure to asbestos. These asbestos cases generally relate to production and sale of asbestos-containing products and allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and, in some cases, punitive damages.

In every asbestos case in which we are named as a party, the complaints are filed against multiple named defendants. In substantially all of the asbestos cases, the plaintiffs either claim damages in excess of a specified amount, typically a minimum amount sufficient to establish jurisdiction of the court in which the case was filed (jurisdictional minimums generally range from \$25,000 to \$75,000), or do not specify the monetary damages sought. To the extent that any specific amount of damages is sought, the amount applies to claims against all named defendants.

There are only six asbestos cases, involving 27 plaintiffs, that plead specified damages. In each of the six cases, the plaintiff is seeking compensatory and punitive damages based on a variety of potentially alternative causes of action. In three cases, the plaintiff has alleged compensatory damages in the amount of \$3.0 million for four separate causes of action and \$1.0 million for another cause of action and punitive damages in the amount of \$10.0 million. In the fourth case, the plaintiff has alleged against each named defendant, compensatory and punitive damages, each in the amount of \$10.0 million for seven separate causes of action. In the fifth case, the plaintiff has alleged compensatory damages in the amount of \$20.0 million for three separate causes of action and \$5.0 million for another cause of action and punitive damages in the amount of \$20.0 million. In the sixth case, the plaintiff has alleged against each named defendant, compensatory and punitive damages, each in the amount of \$10.0 million for six separate causes of action and \$5.0 million for the seventh cause of action.

Historically, we have been dismissed from asbestos cases on the basis that the plaintiff incorrectly sued one of our subsidiaries or because the plaintiff failed to identify any asbestos-containing product manufactured or sold by us or our subsidiaries. We intend to vigorously defend these asbestos cases, and believe we will continue to be successful in being dismissed from such cases. However, it is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation. Despite this uncertainty, and although our results of operations and cash flows for a particular period could be adversely affected by asbestos-related lawsuits, claims and proceedings, management believes that the ultimate resolution of these matters will not have a material adverse effect on our financial condition, liquidity or results of operations. Among the factors management considered in reaching this conclusion were: (a) our historical success in being dismissed from these types of lawsuits on the bases mentioned above; (b) many cases have been improperly filed against one of our subsidiaries; (c) in many cases, the plaintiffs have been unable to establish any causal relationship to us or our products or premises; (d) in many cases, the plaintiffs have been unable to demonstrate that they have suffered any identifiable injury or compensable loss at all, that any injuries that they have incurred did in fact result from alleged

exposure to asbestos; and (e) the complaints assert claims against multiple defendants and, in most cases, the damages alleged are not attributed to individual defendants. Additionally, we do not believe that the amounts claimed in any of the asbestos cases are meaningful indicators of our potential exposure because the amounts claimed typically bear no relation to the extent of the plaintiff's injury, if any.

Our cost of defending these lawsuits has not been material to date and, based upon available information, our management does not expect its future costs for asbestos-related lawsuits to have a material adverse effect on our results of operations, liquidity or financial position.

Table of Contents**Item 1A. Risk Factors**

There have been no material changes in the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Set forth below is information regarding the Company's repurchases of its common stock during the first quarter ended March 31, 2011.

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans(1) | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Program |
|--------------------------------|---|---------------------------------------|--|---|
| | | | | |
| January 1 - January 31, 2011 | -0- | \$ -0- | -0- | 340,920 |
| February 1 - February 28, 2011 | -0- | -0- | -0- | 340,920 |
| March 1 - March 31, 2011 | 11,658(2) | 19.19 | -0- | 340,920 |
| | 11,658 | \$ 19.19 | -0- | 340,920 |

(1) In 2006, the Company announced a share repurchase program whereby the Company may repurchase up to 1.0 million shares of its common stock. During the first quarter of 2011, no shares were purchased as part of this program.

(2) Consist of shares of common stock the Company acquired from recipients of restricted stock awards at the time of vesting of such awards in order to settle recipient withholding tax liabilities.

Item 6. Exhibits

The following exhibits are included herein:

- 10 2009 Director Supplemental Defined Contribution Plan of Park-Ohio Holdings Corp.
- 15 Letter re: unaudited interim financial information
- 31.1 Principal Executive Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Principal Financial Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32 Certification requirement under Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURE

Pursuant to the requirements 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.

PARK-OHIO HOLDINGS CORP.

(Registrant)

By /s/ Jeffrey L. Rutherford

Name: Jeffrey L. Rutherford

Title: Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: May 10, 2011

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QUARTERLY REPORT ON FORM 10-Q
PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES
FOR THE QUARTER ENDED MARCH 31, 2011**

| | |
|------|---|
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