10-Q
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PARK-OHIO HOLDINGS CORP.   10-Q

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

FORM 10-Q

(MARK ONE)

~~[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000, OR~~

~~[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ____________ TO ____________~~

~~COMMISSION FILE NO. 0-3134~~

~~PARK-OHIO HOLDINGS CORP.~~
~~(Exact name of registrant as specified in its charter)~~

~~OHIO~~	~~34-1867219~~
~~(State or other jurisdiction of incorporation or organization)~~	~~(I.R.S. Employer Identification No.)~~
~~23000 EUCLID AVENUE, CLEVELAND, OHIO~~	~~44117~~
~~(Address of principal executive offices)~~	~~(Zip Code)~~

~~REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 216/692-7200~~
~~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 [X]   NO [ ]~~

~~Number of shares outstanding of registrant's Common Stock, par value $1.00 per share, as of April 28, 2000: 10,547,791.~~

~~The Exhibit Index is located on page 17.~~

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~~PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES~~

~~INDEX~~

~~PART I~~

~~FINANCIAL INFORMATION~~

~~PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES~~

~~CONSOLIDATED BALANCE SHEETS~~

	(UNAUDITED) MARCH 31 2000	DECEMBER 31 1999
	(DOLLARS IN THOUSANDS)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,724	$ 5,867
Accounts receivable, less allowances for doubtful accounts of $3,304 at March 31, 2000 and $3,296 at December 31, 1999	130,232	112,896
Inventories	204,382	192,270
Deferred tax assets	600	600
Other current assets	5,822	5,250
Total Current Assets	344,760	316,883
Property, Plant and Equipment	217,343	211,093
Less accumulated depreciation	91,052	86,721
	126,291	124,372
Other Assets		
Excess purchase price over net assets acquired, net of accumulated amortization of $12,934 at March 31, 2000 and $11,941 at December 31, 1999	137,045	137,905
Deferred taxes	2,400	2,400
Other	49,996	48,321
	$660,492	$629,881
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade accounts payable	$ 79,295	$ 72,452
Accrued expenses	42,540	33,064
Current portion of long-term liabilities	2,454	2,557
Total Current Liabilities	124,289	108,073
Long-Term Liabilities, less current portion		
Long-term debt	350,218	339,813
Other postretirement benefits	25,066	25,470
Other	1,843	1,840
	377,127	367,123
Shareholders' Equity		
Capital stock, par value $1 a share:		
Serial Preferred Stock	-0-	-0-
Common Stock	11,148	11,148
Additional paid-in capital	55,684	55,684
Retained earnings	101,234	96,674
Treasury stock, at cost	(8,123)	(7,969)
Accumulated other comprehensive earnings (loss)	(867)	(852)
	159,076	154,685
	$660,492	$629,881

Note: The balance sheet at December 31, 1999 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 notes to consolidated financial statements.

PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	2000	1999
	(DOLLARS IN THOUSANDS -- EXCEPT PER SHARE DATA)	
Net sales	$206,360	$171,403
Cost of products sold	170,083	140,436
Gross profit	36,277	30,967
Selling, general and administrative expenses	21,044	17,952
Operating income	15,233	13,015
Interest expense	7,505	5,378
Income before income taxes	7,728	7,637
Income taxes	3,168	3,289
Net income	$ 4,560	$ 4,348
Net income per common share:		
Basic	$ .43	$ .40
Diluted	$ .43	$ .40
Common shares used in the computation:		
Basic	10,550	10,793
Diluted	10,551	10,938

See notes to consolidated financial statements.

PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE EARNINGS (LOSS)	TOTAL
				(DOLLARS IN THOUSANDS)		
Balance January 1, 2000	$11,148	$55,684	$ 96,674	$(7,969)	$(852)	$154,685
Comprehensive income:						
Net income			4,560			4,560
Foreign currency translation adjustment					(15)	(15)
Comprehensive income						4,545
Purchase of treasury stock				(154)		(154)
Balance March 31, 2000	$11,148	$55,684	$101,234	$(8,123)	$(867)	$159,076

See notes to consolidated financial statements.

PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	2000	1999
	(DOLLARS IN THOUSANDS)	
~~OPERATING ACTIVITIES~~		
~~Net income~~	~~$ 4,560~~	~~$ 4,348~~
~~Adjustments to reconcile net income to net cash (used) provided by operating activities:~~		
~~Depreciation and amortization~~	~~5,505~~	~~4,984~~
	~~10,065~~	~~9,332~~
~~Changes in operating assets and liabilities excluding acquisitions of businesses:~~		
~~Accounts receivable~~	~~(17,336)~~	~~2,002~~
~~Inventories and other current assets~~	~~(12,684)~~	~~(8,737)~~
~~Accounts payable and accrued expenses~~	~~16,319~~	~~11,419~~
~~Other~~	~~(2,223)~~	~~(2,629)~~
~~Net Cash (Used) Provided by Operating Activities~~	~~(5,859)~~	~~11,387~~
~~INVESTING ACTIVITIES~~		
~~Purchases of property, plant and equipment, net~~	~~(6,431)~~	~~(6,304)~~
~~Costs of acquisitions, net of cash acquired~~	~~-0-~~	~~(29,146)~~
~~Purchase of investments~~	~~0~~	~~(446)~~
~~Net Cash (Used) by Investing Activities~~	~~(6,431)~~	~~(35,896)~~
~~FINANCING ACTIVITIES~~		
~~Proceeds from bank arrangements~~	~~10,500~~	~~29,000~~
~~Payments on debt~~	~~(199)~~	~~(3,868)~~
~~Purchase of treasury stock~~	~~(154)~~	~~(454)~~
~~Net Cash Provided by Financing Activities~~	~~10,147~~	~~24,678~~
~~(Decrease)Increase in Cash and Cash Equivalents~~	~~(2,143)~~	~~169~~
~~Cash and Cash Equivalents at Beginning of Period~~	~~5,867~~	~~4,320~~
~~Cash and Cash Equivalents at End of Period~~	~~$ 3,724~~	~~$ 4,489~~

~~See notes to consolidated financial statements.~~

~~PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES~~

~~NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)~~

~~MARCH 31, 2000~~

~~(DOLLARS IN THOUSANDS -- EXCEPT PER SHARE DATA)~~

~~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 consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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 generally accepted accounting principles 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, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. 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, 1999.~~

~~NOTE B -- ACQUISITIONS~~

During 1999, the Company acquired all of the stock of The Metalloy Corporation ("Metalloy"), Columbia Nut and Bolt Corp. ("Columbia"), Industrial Fasteners Corporation ("Industrial"), M.P. Colinet ("Colinet") and substantially all of the assets of St. Louis Screw and Bolt ("St. Louis Screw") and PMC Industries, Inc. ("PMC") for cash. Metalloy is a full service aluminum casting and machining company. Columbia and Industrial are logistics providers of fastener related components. St. Louis Screw is a manufacturer of bolts and PMC and Colinet provide capital equipment and associated parts for the oil drilling industry. Each of these transactions has been accounted for as a purchase. The purchase price and the results of operations of each of these businesses prior to their respective dates of acquisition were not deemed to be significant as defined in Regulation S-X.

NOTE C -- INVENTORIES

The components of inventory consist of the following:

	MARCH 31 2000	DECEMBER 31 1999
In process and finished goods	$170,646	$160,648
Raw materials and supplies	33,736	31,622
	$204,382	$192,270

NOTE D -- SHAREHOLDERS' EQUITY

At March 31, 2000, 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 10,547,791 shares were issued and outstanding.

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 2000	1999
NUMERATOR		
Net income	$ 4,560	$ 4,348
DENOMINATOR		
Denominator for basic earnings per share-weighted average shares	10,550	10,793
Effect of dilutive securities:		
Employee stock options	1	145
Denominator for diluted earnings per share-adjusted weighted average shares and assumed conversions	10,551	10,938
Net income per common share basic	$ .43	$ .40
Net income per common share diluted	$ .43	$ .40

NOTE F -- ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued in June 1998. Statement 133 requires derivatives to be recorded on the balance sheet at fair value and establishes accounting for three different types of hedges: hedges of changes in fair value of assets,

~~liabilities, or firm commitments; hedges of the variable cash flows of forecasted transactions; and hedges of foreign currency exposures of net investments in foreign operations. Statement 133, as delayed by the issuance of Statement 137, is effective for years beginning after June 15, 2000 and is not expected to have a significant impact on the Company's financial position or results of operations.~~

~~NOTE G -- SEGMENTS~~

~~The Company manages its business based upon three operating segments: Integrated Logistics Solutions ("ILS"), Aluminum Products and Manufactured Products. ILS is a leading national supplier of fasteners (e.g. nuts, bolts and screws) and other industrial products to original equipment manufacturers ("OEMs"), other manufacturers and distributors. In connection with the supply of such industrial products, ILS provides a variety of value-added, cost-effective procurement solutions. Aluminum Products are cast aluminum components manufactured primarily for automotive OEMs. In addition, Aluminum Products also provides value added services such as design and engineering, machining and assembly. Manufactured Products is a diverse group of manufacturing businesses that design and manufacture a broad range of high quality products for specific customer applications. There are no intersegment sales.~~

~~Results by Business Segment were as follows:~~

	THREE MONTHS ENDED MARCH 31	
	2000	1999
~~Net sales:~~		
~~ILS~~	~~$134,729~~	~~$106,412~~
~~Aluminum products~~	~~33,781~~	~~31,619~~
~~Manufactured products~~	~~37,850~~	~~33,372~~
	~~$206,360~~	~~$171,403~~
~~Income before income taxes:~~		
~~ILS~~	~~$ 13,630~~	~~$ 10,965~~
~~Aluminum products~~	~~2,630~~	~~2,971~~
~~Manufactured products~~	~~1,841~~	~~972~~
	~~18,101~~	~~14,908~~
~~Amortization of excess purchase price over net assets acquired~~	~~(993)~~	~~(814)~~
~~Corporate costs~~	~~(1,875)~~	~~(1,079)~~
~~Interest expense~~	~~(7,505)~~	~~(5,378)~~
	~~$ 7,728~~	~~$ 7,637~~

	MARCH 31 2000	DECEMBER 31 1999
~~Identifiable assets were as follows:~~		
~~ILS~~	~~$364,314~~	~~$343,522~~
~~Aluminum products~~	~~104,246~~	~~97,717~~
~~Manufactured products~~	~~173,494~~	~~170,267~~
~~General corporate~~	~~18,438~~	~~18,375~~
	~~$660,492~~	~~$629,881~~

~~INDEPENDENT ACCOUNTANTS' REVIEW REPORT~~

~~Board of Directors and Shareholders~~
~~Park-Ohio Holdings Corp.~~

~~We have reviewed the accompanying consolidated balance sheet of Park-Ohio Holdings Corp. and subsidiaries as of March 31, 2000, and the related consolidated statements of income for the three month periods ended March 31, 2000 and 1999, the consolidated statement of shareholders' equity for the three months ended March 31, 2000 and the consolidated statements of cash flows for the three month periods ended March 31, 2000 and 1999. These financial statements are the responsibility of the Company's management.~~

~~We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.~~

~~Based upon our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.~~

~~We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Park-Ohio Holdings Corp. and subsidiaries as of December 31, 1999 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 February 22, 2000, 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, 1999, 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~~
~~April 19, 2000~~

~~ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS~~

~~The consolidated financial statements of the Company include the accounts of Park-Ohio Holdings Corp. and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation. The historical financial information for the three-month period ended March 31, 2000 is not directly comparable on a period-to-period basis to the financial information for the three-month period ended March 31, 1999 due to acquisitions made subsequent to the first quarter of 1999. In July, the Company acquired all of the shares of Columbia Nut and Bolt Corp. ("Columbia") and Industrial Fasteners Corporation ("Industrial"). Columbia and Industrial are logistics providers of fastener related components. In September, the Company acquired all of the shares of M.P. Colinet ("Colinet"). Colinet provides capital equipment and associated parts for the oil drilling industry and is complementary to PMC Industries, Inc., a subsidiary of the Company acquired in February, 1999. Each of these transactions has been accounted for as a purchase and consequently their results are included in the consolidated financial statements from their respective dates of acquisition.~~

~~OVERVIEW~~

~~The Company operates diversified manufacturing and logistics businesses that serve a wide variety of industrial markets. The Company manages its businesses based upon three operating segments: Integrated Logistics Solutions ("ILS"), Aluminum Products and Manufactured Products. ILS is a leading national business to business supplier of fasteners (e.g., nuts, bolts and screws) and other industrial products to original equipment manufacturers ("OEMs"), other manufacturers and distributors. In connection with the supply of such industrial products, ILS provides a variety of value-added, cost-effective procurement solutions. The principal customers of ILS are in the transportation, industrial, electrical and lawn and garden equipment industries. Aluminum Products manufactures cast aluminum components primarily for automotive OEMs. 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. The principal customers of Manufactured Products are OEMs and end users in the automotive, railroad, truck and aerospace industries.

Between 1993 and 1999, the Company has grown significantly, both internally and through acquisitions. Over this period, the Company's net sales increased at a 40% compounded annual growth rate ("CAGR"), from $94.5 million to $717.2 million, and income from continuing operations on a fully taxed basis increased at a 38% CAGR from $2.4 million to $16.3 million.

Recent growth has been primarily attributable to the Company's strategy of making selective acquisitions in order to complement internal growth. The Company has acquired businesses with potential for: (i) significant cost reductions through improved labor, supplier and customer relations and increased purchasing power and (ii) revenue enhancement due to better asset utilization and management practices, as well as increased access to capital. The Company's internal growth has been driven primarily by the addition of ILS customers under total fastening service ("TFS") contracts and by leveraging existing customer relationships in the Aluminum and Manufactured Products segments.

Between January 1, 1994 and March 31, 2000, the Company's continuing operations incurred $93.3 million of capital expenditures, the majority of which was used to expand and upgrade existing manufacturing facilities and enhance the Company's management information systems.

RESULTS OF OPERATIONS

Three Months 2000 versus Three Months 1999

Net sales increased by $35.0 million, or 20%, from $171.4 million in 1999 to $206.4 million in 2000. Of the $35.0 million in growth for the quarter, $23.7 million represents organic growth, primarily ILS, while the remainder is acquisitive. For ILS, net sales increased 27% or $28.3 million of which $17.1 million related to internal growth (a 16% internal growth rate) and the remainder to acquisitions made in the second half of 1999. For Aluminum Products and Manufactured Products, net sales increases of 7% and 13%, respectively, related to organic growth.

Gross profit increased by $5.3 million, or 17%, from $31.0 million in 1999 to $36.3 million in 2000. Of the increase in gross profit, $2.7 million is attributable to the organic increase in sales and the remainder to acquisitions. However, the Company's consolidated gross margin decreased to 17.6% for the first three months of 2000 from 18.1% for the first three months of 1999. This decrease in consolidated gross margin was due to decreased gross margins in both Aluminum Products and ILS not being offset by increased margins in Manufactured Products. The decrease in gross margins at ILS results from a change in product mix to lower margin items. For Aluminum Products, the decline in gross margins results from the phasing out of certain production parts during the second half of 1999, yet to be fully replaced, thereby causing unabsorbed fixed burden to increase during the current period. The increase in gross margins at Manufactured Products results from increased sales of higher margin products particularly in the oil drilling capital equipment business, and to increased production levels which allocates fixed overhead costs over a larger productive base.

Selling, general and administrative costs increased by 17% to $21.0 million for 2000 from $18.0 million for 1999. The increase was related to recent acquisitions and to increased sales. For the three-month period ended March 31, 2000, selling, general and administrative expenses benefited from an increase in net pension credits of $800 thousand, reflecting favorable investment returns on pension plan assets. Consolidated selling, general and administrative expenses as a percentage of net sales were 10.2% during the current period and 10.5% for 1999.

Interest expense increased by $2.1 million from $5.4 million in 1999 to $7.5 million in 2000 due to higher average debt outstanding and to higher average rates during the current period. For the quarter ended March 31, 2000, the Company averaged outstanding borrowings of $345.9 million as compared to $265.2 million for the corresponding period of the prior year. The $80.7 million increase related primarily to acquisitions completed during 1999 and to increases in working capital. The average borrowing rate of 8.68% for the three-month period ended March 31, 2000 is 57 basis points higher than the average rate of 8.11% for 1999 primarily because of the $50 million add-on in June 1999 to the Company's Senior Subordinated Notes and to increased rates related to the Company's revolving credit facility caused by Federal Reserve action.

The effective income tax rate for the three month period ended March 31, 2000 was 41% compared to 43% for the corresponding period of the prior year. The decrease in tax rate results from the relative reduction of non-deductible goodwill for tax purposes and to a corresponding increase in research and experimental credits.

LIQUIDITY AND SOURCES OF CAPITAL

The Company's liquidity needs are primarily for working capital and capital expenditures. The Company's primary sources of liquidity have been funds provided by operations and funds available from existing bank credit arrangements and the sale of Senior Subordinated Notes. On November 1, 1999, the Company amended its credit agreement with a group of banks under which it may borrow up to $175 million on an unsecured basis. The proceeds from the amended credit agreement, which expires on April 30, 2001, will be used for general corporate purposes. Amounts borrowed under the new credit agreement may be borrowed at the Company's election at either (i) the bank's prime lending rate less 100 basis points to plus 20 basis points or (ii) LIBOR plus 90-220 basis points depending on the aggregate amount borrowed under the new credit agreement. As of March 31, 2000, $148.5 million was outstanding under the facility. The Company's ability to refinance or extend its borrowings under this facility will be dependent on a variety of factors, including the Company's operating performance and the outlook for the Company and its industry groups and the availability of credit for borrowers in the Company's industry groups and in the economy generally.

On June 3, 1999, the Company sold an additional $50 million of its 9.25% Senior Subordinated Notes due 2007 bringing the amount of Notes outstanding to $200 million. The Company used the net proceeds from the sale of the Notes ($49.5 million) to repay outstanding bank borrowings.

Current financial resources, including available bank borrowing arrangements and anticipated funds from operations, are expected to be adequate to meet current cash requirements. Capital expenditures for 2000 are

projected to be approximately $14 million that will be used to invest in the Company's current facilities for projected new business, for scheduled improvements and new equipment to expand existing products.

The ratio of current assets to current liabilities was 2.77 at March 31, 2000 versus 2.93 at December 31, 1999. Working capital increased by $11.7 million to $220.5 at March 31, 2000 from $208.8 million at December 31, 1999 to support the internal growth of the Company.

During the first three months of 2000, the Company generated $10.1 million from operations before changes in operating assets and liabilities. After giving effect to the use of $15.9 million in the operating accounts, the Company used $5.9 million from operating activities compared to providing $11.4 million in 1999. During the period, the Company invested $6.4 million in capital expenditures. These activities were funded by an increase of $10.5 million in bank borrowings and a decrease in cash for the period of $2.1 million.

SEASONALITY; VARIABILITY OF OPERATING RESULTS

As a result of the significant growth in our net sales and operating income in recent years, seasonal fluctuations have been mitigated. However, the Company's results of operations are stronger in the first six months rather than the last six months due to scheduled plant maintenance in the third quarter to coincide with customer plant shut downs and holidays in the fourth quarter.

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. This variability is particularly evident at the capital equipment businesses, included in the Manufactured Products segment, which typically ship a few large systems per year.

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. Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements, including without limitation, discussion regarding the Company's capital resources and anticipated levels of capital expenditures. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside our control, which could cause actual results to differ materially from such statements. These uncertainties and other factors include such things as: our ability to renegotiate or extend the existing credit facility, general business conditions, competitive factors, including pricing pressures and product innovation and quality; raw material availability and pricing; changes in our relationships with customers and suppliers; our ability to successfully integrate recent and future acquisitions into existing operations; changes in general domestic economic conditions such as inflation rates, interest rates and tax rates; 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; dependence on the automotive industry; dependence on key management; and dependence on information systems. 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. 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 ACCOUNTANTS

The consolidated financial statements at March 31, 2000, and for the three-month periods ended March 31, 2000 and 1999, have been reviewed, prior to filing, by Ernst & Young LLP, the Company's independent accountants, and their report is included herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed to market risk including changes in interest rates. The Company is subject to interest rate risk on its floating rate revolving credit facility which consisted of borrowings of $148.5 million at March 31, 2000. A 100 basis point increase in the interest rate would have resulted in an increase in interest expense of approximately $.4 million during the period.

PART II

OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the first quarter of 2000.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following exhibits are included herein:

(15) Letter re: unaudited financial information
(27) Financial data schedule (Electronic filing only)

The Company did not file any reports on Form 8-K during the three month period ended March 31, 2000.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PARK-OHIO HOLDINGS CORP.
(Registrant)

By /s/ J. S. WALKER
Name: J. S. Walker

~~Title: Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)~~

~~Dated May 12, 2000~~

~~EXHIBIT INDEX~~

~~QUARTERLY REPORT ON FORM 10-Q~~

~~PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES~~
~~FOR THE QUARTER ENDED MARCH 31, 2000~~

EXHIBIT	
~~(15)~~	~~Letter re: unaudited financial information~~
~~(27)~~	~~Financial data schedule (Electronic filing only)~~

~~EX-15~~
~~2~~
~~EXHIBIT 15~~

~~EXHIBIT (15) LETTER RE: UNAUDITED FINANCIAL INFORMATION~~

~~Board of Directors and Shareholders~~
~~Park-Ohio Holdings Corp.~~

~~We are aware of the incorporation by reference in the following Registration Statements of Park-Ohio Holdings Corp., for the registration of its common stock of our report dated April 19, 2000 relating to the unaudited consolidated interim financial statements of Park-Ohio Holdings Corp., which are included in its Form 10-Q for the quarter ended March 31, 2000.~~

REGISTRATION STATEMENT	DESCRIPTION	SHARES REGISTERED
~~Form S-8 (33-64420)~~	~~1992 Stock Option Plan~~	~~350,000~~
~~Form S-8 (33-01047)~~	~~Individual Account Retirement Plan~~	~~1,500,000~~
~~Form S-8 (333-28407)~~	~~Amended and Restated 1992 Stock Option Plan and 1996 Non-Employee Director Stock Option Plan~~	~~750,000~~
~~Form S-4 (333-46931)~~	~~Formation of PKOH Holding Corporation~~	~~11,000,000~~
~~Form S-8 (333-58161)~~	~~1998 Long-Term Incentive Plan~~	~~550,000~~

~~Pursuant to Rule 436(c) of the Securities Act of 1933 our reports are not a part of the registration statements prepared or certified by accountants within the meaning of Section 7 or 11 of the Securities Act of 1933.~~

~~/s/ Ernst & Young LLP~~

~~Cleveland, Ohio~~
~~May 12, 2000~~

~~EX-27~~
~~3~~
~~EXHIBIT 27~~

~~5~~

~~THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.~~

~~0000076282~~
~~PARK-OHIO HOLDINGS CORP.~~
~~1,000~~
~~U.S. DOLLARS~~

~~3-MOS~~
~~DEC-31-2000~~
~~JAN-01-2000~~
~~MAR-31-2000~~
~~1~~
~~3,724~~
~~0~~
~~130,232~~
~~3,304~~
~~204,382~~
~~344,760~~
~~217,343~~
~~91,052~~
~~660,492~~
~~124,289~~
~~350,218~~
~~0~~
~~0~~
~~11,148~~
~~147,928~~
~~660,492~~
~~206,360~~
~~206,360~~
~~170,083~~
~~170,083~~
~~0~~
~~0~~
~~7,505~~
~~7,728~~
~~3,168~~
~~4,560~~
~~0~~
~~0~~
~~0~~
~~4,560~~
~~.43~~
~~.43~~