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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, 2001, 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 _____ (I.R.S. Employer
incorporation or organization) _____ 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 30, 2001: 10,496,191.

The Exhibit Index is located on page 18.

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PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES
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~~PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES~~
~~CONSOLIDATED BALANCE SHEETS~~

	(UNAUDITED)	
	MARCH 31	DECEMBER 31
	2001	2000
	-----	-----
	(DOLLARS IN THOUSANDS)	
<hr/>		
ASSETS		
Current Assets		
Cash and cash equivalents.....	\$ 495	\$ 2,612
—Accounts receivable, less allowances for doubtful accounts		
—of \$2,950 at March 31, 2001 and \$3,292 at December 31,		
2000.....	122,542	117,318
Inventories.....	201,472	189,023
Other current assets.....	14,291	13,191
<hr/>		
Total Current Assets.....	338,800	322,144
Property, Plant and Equipment.....	238,676	234,463
Less accumulated depreciation.....	105,168	101,757
<hr/>		
	133,508	132,706
Other Assets		
—Excess purchase price over net assets acquired, net of		
—accumulated amortization of \$13,238 at March 31, 2001		
and \$12,283 at December 31, 2000.....	132,251	133,612
Other.....	50,442	46,870
<hr/>		
	\$655,001	\$635,332
<hr/>		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade accounts payable.....	\$ 79,015	\$ 76,041
Accrued expenses.....	36,200	28,831
Current portion of long term liabilities.....	3,885	3,904
<hr/>		
Total Current Liabilities.....	119,100	108,776
Long-Term Liabilities, less current portion		
Long term debt.....	354,069	343,248
Other postretirement benefits.....	23,980	24,487
Other.....	6,492	6,695
<hr/>		
	384,541	374,430
<hr/>		
Shareholders' Equity		
—Capital stock, par value \$1 a share:		
Serial Preferred Stock.....	0	0
Common Stock.....	11,210	11,210
Additional paid in capital.....	56,135	56,135
Retained earnings.....	97,491	97,192
Treasury stock, at cost.....	(9,092)	(9,092)
Accumulated other comprehensive income (loss).....	(3,970)	(2,858)
Unearned compensation — restricted stock awards.....	(414)	(461)
<hr/>		
	151,360	152,126
<hr/>		
	\$655,001	\$635,332
<hr/>		

Note: The balance sheet at December 31, 2000 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.

	THREE MONTHS ENDED MARCH 31	
	2001	2000
	(DOLLARS IN THOUSANDS -- EXCEPT PER SHARE DATA)	
Net sales.....	\$169,411	\$206,360
Cost of products sold.....	141,779	170,083
Gross profit.....	27,632	36,277
Selling, general and administrative expenses.....	18,176	21,044
Operating income.....	9,456	15,233
Non-recurring expenses.....	950	0
Interest expense.....	7,953	7,505
Income before income taxes.....	553	7,728
Income taxes.....	254	3,168
Net income.....	\$ 299	\$ 4,560
Net income per common share:		
Basic.....	\$.03	\$.43
Diluted.....	\$.03	\$.43
Common shares used in the computation:		
Basic.....	10,434	10,550
Diluted.....	10,494	10,551

See notes to consolidated financial statements.

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PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	COMMON STOCK	PAID-IN CAPITAL	ADDITIONAL RETAINED EARNINGS	TREASURY STOCK	INCOME (LOSS)	ACCUMULATED OTHER COMPREHENSIVE UNEARNED COMPENSATION	TOTAL
	(DOLLARS IN THOUSANDS)						
Balance January 1, 2001.....	\$11,210	\$56,135	\$97,192	\$ (9,092)	\$ (2,858)	\$ (461)	\$152,126
Net income.....			299				299
Foreign currency translation adjustment.....					(1,112)		(1,112)
Comprehensive (loss).....							(813)
Amortization of restricted stock.....						47	47
Balance March 31, 2001.....	\$11,210	\$56,135	\$97,491	\$ (9,092)	\$ (3,970)	\$ (414)	\$151,360

See notes to consolidated financial statements.

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PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

THREE MONTHS ENDED MARCH 31		
	2001	2000
(DOLLARS IN THOUSANDS)		
OPERATING ACTIVITIES		
Net income.....	\$ 299	\$ 4,560
Adjustments to reconcile net income to net cash (used) provided by operating activities:		
Depreciation and amortization.....	5,026	5,505
	5,325	10,065
Changes in operating assets and liabilities excluding acquisitions of businesses:		
Accounts receivable.....	(5,224)	(17,336)
Inventories and other current assets.....	(13,549)	(12,684)
Accounts payable and accrued expenses.....	10,343	16,319
Other.....	(4,940)	(2,223)
Net Cash (Used) by Operating Activities.....	(8,045)	(5,859)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment, net.....	(4,874)	(6,431)
Net Cash (Used) by Investing Activities.....	(4,874)	(6,431)
FINANCING ACTIVITIES		
Proceeds from bank arrangements.....	11,000	10,500
Payments on debt.....	(198)	(199)
Purchase of treasury stock.....	0	(154)
Net Cash Provided by Financing Activities.....	10,802	10,147
(Decrease) in Cash and Cash Equivalents.....	(2,117)	(2,143)
Cash and Cash Equivalents at Beginning of Period.....	2,612	5,867
Cash and Cash Equivalents at End of Period.....	\$ 495	\$ 3,724
Taxes paid (refunded).....	\$ (1,090)	\$ 121
Interest paid.....	2,821	2,564

See notes to consolidated financial statements.

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PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2001
(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, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. 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, 2000.

NOTE B — ACQUISITION AND DISPOSITION

On September 30, 2000, the Company acquired IBM's plant automation software product lines and related assets for cash of approximately \$3.9 million. The transaction has been accounted for as a purchase and the results of operations prior to the date of acquisition were not deemed to be significant as defined in Regulation S-X.

On June 30, 2000, the Company completed the sale of substantially all of the assets of Kay Home Products for cash of approximately \$9.2 million and recorded a loss of approximately \$15.3 million. Kay Home Products was a non-core business producing and distributing barbecue grills, tray tables, screen houses and plant stands.

NOTE C INVENTORIES

The components of inventory consist of the following:

	MARCH 31 2001	DECEMBER 31 2000
	-----	-----
In process and finished goods.....	\$176,972	\$164,833
Raw materials and supplies.....	24,500	24,190
	-----	-----
	\$201,472	\$189,023
	-----	-----

NOTE D SHAREHOLDERS' EQUITY

At March 31, 2001, 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 10,433,791 shares were issued and outstanding.

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PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) 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	
	2001	2000
	-----	-----
NUMERATOR		
Net income.....	\$ 299	\$ 4,560
	-----	-----
DENOMINATOR		
Denominator for basic earnings per share-weighted average		
shares.....	10,434	10,550
Effect of dilutive securities:		
Employee stock options.....	60	1
	-----	-----
Denominator for diluted earnings per share-adjusted weighted		
average shares and assumed conversions.....	10,494	10,551
	-----	-----
Net income per common share basic.....	\$.03	\$.43
	-----	-----
Net income per common share diluted.....	\$.03	\$.43
	-----	-----

NOTE F ACCOUNTING PRONOUNCEMENTS

The Company adopted Financial Accounting Standards Board Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended, on January 1, 2001. Because of the Company's minimal use of derivatives, adoption of the new Statement did not have a significant effect on earnings or the financial position of the Company.

NOTE G SEGMENTS

The Company operates through three segments: Integrated Logistics Solutions ("ILS"), Aluminum Products and Manufactured Products. ILS is a leading logistics provider of Class C production components 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, supply chain management services. Aluminum Products manufactures cast aluminum components primarily for automotive OEMs. In addition, 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. Intersegment sales are immaterial.

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PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Results by Business Segment were as follows:

	THREE MONTHS ENDED MARCH 31	
	2001	2000
<hr/>		
Net sales, including intersegment sales:		
ILS.....	\$117,854	\$134,729
Aluminum products.....	20,658	33,781
Manufactured products.....	30,899	37,850
	<hr/>	<hr/>
	\$169,411	\$206,360
<hr/>		
Income (loss) before income taxes:		
ILS.....	\$ 10,734	\$ 13,630
Aluminum products.....	(202)	2,630
Manufactured products.....	1,185	1,841
	<hr/>	<hr/>
	11,717	18,101
Amortization of excess purchase price over net assets		
acquired.....	(955)	(993)
Corporate costs.....	(1,306)	(1,875)
Interest expense.....	(7,953)	(7,505)
Non-recurring expenses.....	(950)	0
	<hr/>	<hr/>
	\$ 553	\$ 7,728
	<hr/>	<hr/>

	MARCH 31 2001	DECEMBER 31 2000
	-----	-----
<hr/>		
Identifiable assets were as follows:		
ILS.....	\$364,808	\$349,444
Aluminum products.....	98,644	99,208
Manufactured products.....	170,804	164,524
General corporate.....	20,745	22,156
	<hr/>	<hr/>
	\$655,001	\$635,332
	<hr/>	<hr/>

NOTE H OPTION OFFER PROGRAM

The Company has initiated a program ("the Option Offer Program") whereby all outstanding options (1,089,500 at March 31, 2001) to purchase shares of Company common stock held by Company employees and directors will be tendered to the Company. Existing options tendered to the Company will be cancelled and, in return, participants will be granted new options on a one for one basis no sooner than six months after the tendered options have been cancelled. All of the new options will be granted under the Company's 1998 Long Term Incentive Plan and, accordingly, the exercise price will be the market price at the date of grant. The 1998 Long Term Incentive Plan must be amended by the shareholders at the Company's annual meeting on May 24, 2001, to increase the number of shares of common stock which may be awarded under the Plan in order for the Option Offer Program to be carried out successfully. In the event the Company's shareholders fail to approve the proposed amendment, participants may lose all of those existing stock options that they elect to tender to the Company.

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PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

NOTE I COMPREHENSIVE INCOME (LOSS)

~~———— Total comprehensive income (loss) was as follows:~~

	THREE MONTHS ENDED MARCH 31	
	2001	2000
Net income.....	\$ 299	\$4,560
Foreign currency translation.....	(1,112)	(15)
Total comprehensive income (loss).....	\$ (813)	\$4,545

~~NOTE J — NON RECURRING EXPENSES~~

~~———— In June 2000, the Company's Cicero Flexible Products plant was destroyed in a fire. In the second half of 2000, the Company received interim insurance payments of \$10.5 million, primarily reflecting replacement cost of fixed assets. Accordingly, the Company recognized a net gain of \$5.2 million, substantially composed of involuntary conversion gains. In the first quarter of 2001 the Company expensed \$950 thousand of non-recurring business interruption costs, which were not covered by insurance. At March 31, 2001 the Company had \$9.9 million in fire insurance receivables, which were included in other current assets.~~

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~~———— 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, 2001, and the related consolidated statements of income, shareholders' equity and cash flows for the three month periods ended March 31, 2001 and 2000. 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, 2000 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 26, 2001, 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, 2000, 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, 2001~~

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~~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 financial information~~

for the three month period ended March 31, 2001 is not directly comparable on a period to period basis to the financial information for the same three month period in 2000 due to a divestiture, and to business interruption expenses relating to a fire at one of the company's rubber products plants. On June 30, 2000, the Company sold substantially all the assets of Kay Home Products, for cash of approximately \$9.2 million. In June 2000, the Company's Cicero Flexible Products plant was destroyed in a fire. In the second half of 2000, the Company received interim insurance payments of \$10.5 million, primarily reflecting the replacement cost of fixed assets. Accordingly, the Company recognized a net gain of \$5.2 million, substantially composed of involuntary conversion gains. In the first quarter of 2001 the Company expensed \$950 thousand of non-recurring business interruption costs, which were not covered by insurance. At March 31, 2001 the Company had \$9.9 million in fire insurance receivables, which were included in other current assets.

OVERVIEW

— The Company has three operating segments: Integrated Logistics Solutions ("ILS"), Aluminum Products, and Manufactured Products. ILS is a leading national supplier of Class C production components 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 supply chain management services to major OEM's. The principal customers of ILS are in the heavy duty truck, vehicle parts and accessories, industrial equipment, electrical controls, HVAC, appliances and motors 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, oil and aerospace industries.

— Between 1993 and 2000, the Company has grown significantly, both internally and through acquisitions. Over this period, the Company's net sales increased at a 35% compounded annual growth rate ("CAGR"), from \$94.5 million to \$754.7 million. Over the same period income on a fully taxed basis, excluding the 2000 effects of the sale of Kay Home Products and fire insurance gains, increased at a 23% CAGR from \$2.4 million to \$10.1 million.

— Recent growth has been primarily attributable to the Company's strategy of making selective acquisitions 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 supply chain service agreements and by the leveraging of existing customer relationships in the Aluminum and Manufactured Products segments.

— Between January 1, 1994 and March 31, 2001, the Company's continuing operations incurred \$116.8 million of capital expenditures, the majority of which was used to expand and upgrade existing manufacturing facilities, upgrade equipment and enhance the Company's management information systems.

RESULTS OF OPERATIONS

Three Months 2001 versus Three Months 2000

— Net sales declined by \$36.9 million, or 18%, from \$206.3 million for the first quarter of 2000 to \$169.4 million for the first quarter of 2001. Organic sales declined 15%, or \$30.4 million, while sales decreased by \$6.5 million due to the divestiture of Kay Home Products. For ILS, net sales declined 13%, or

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\$16.9 million, due primarily to shrinkage in the heavy truck and automotive industries. For Aluminum Products, net sales declined 39%, or \$13.1 million. This included a \$4.0 million decrease related to the ending of sales contracts at Metalloy which were expected at the time of its purchase in 1999, and \$9.1 million decreased sales due to reductions in first quarter production releases from automotive OEM customers. Manufactured Products net sales decreased 18%, or \$6.9 million, consisting of a \$.4 million decrease in organic sales and a \$6.5 million sales decrease due to the divestiture.

— Gross profit declined by \$8.7 million, or 24%, from \$36.3 million for the first quarter of 2000 to \$27.6 million for the first quarter of 2001. Of the decline in gross profit, \$7.0 million is attributable to organic sales decreases and the remainder to a divestiture. The Company's consolidated gross margin decreased to 16.3% for the first quarter of 2001 from 17.6% for the first quarter of 2000, with decreases in gross margins in all three segments. In ILS,

decreased gross margin primarily resulted from the allocation of fixed overhead over a lower volume. In Aluminum Products, decreased gross margin reflected both \$1.0 million less gross profit from the sales contracts which ended at Metalloy and the allocation of fixed overhead over lower volumes. The decrease in Manufactured Products margins primarily reflected the divestiture of Kay Home Products with its seasonally high first quarter gross margins.

— Selling, general and administrative ("SG&A") expenses decreased by \$2.8 million, or 13%, to \$18.2 million for the first quarter of 2001 from \$21.0 million for the first quarter of 2000. SG&A expenses were reduced by \$1.9 million in response to decreased sales from continuing operations and \$.9 million by the divestiture of Kay Home Products. SG&A expenses as a percentage of net sales was 10.7% for the first three months of 2001 compared to 10.2% for the first three months of 2000.

— Interest expense increased by \$.5 million from \$7.5 million for the first quarter of 2000 to \$8.0 million for the first quarter of 2001 due to higher average debt outstanding and higher average interest rates in the current period. During the first three months of 2001, the Company averaged outstanding borrowings of \$355.5 million as compared to \$345.9 million for the corresponding period of the prior year. The \$9.6 million increase related primarily to increases in working capital. The average interest rate of 8.95% for the current quarter was 27 basis points higher than the average rate of 8.68% for first quarter 2000, primarily due to increased rates on the Company's revolving credit facility.

— The effective income tax rate for the three month period ended March 31, 2001 was 46% compared to 41% for the corresponding period the prior year. This increase resulted from the tax rate impact of permanent tax items such as goodwill amortization given the significant reduction in pre-tax income compared to first quarter 2000.

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 December 21, 2000, Park Ohio signed a new credit agreement with a group of banks under which it may borrow up to \$180 million secured by receivables and inventory. The proceeds from the credit agreement (as amended on March 12, 2001), which expires on December 31, 2003 will be used for general corporate purposes. Amounts borrowed under the new credit agreement may be borrowed at Park Ohio's election at either (i) the bank's prime lending rate plus up to 125 basis points or (ii) LIBOR plus 137.5-300 basis points depending on a ratio specified in the credit agreement, reflecting higher interest rates than the previous credit agreement. As of March 31, 2001, \$149.5 million was outstanding under the facility, up from \$138.5 million at December 31, 2000, due to increased working capital.

— 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. The availability of bank borrowings is based upon the Company's ability to meet various financial covenants, which could be materially impacted if recent negative economic trends continue.

— The ratio of current assets to current liabilities was 2.84 at March 31, 2001 versus 2.96 at December 31, 2000. Working capital increased by \$6.3 million, to \$219.7 million at March 31, 2001 from \$213.4 million at December 31, 2000, to support the internal growth of the Company.

— During the first quarter of 2001, the Company generated cash flow from operations of \$5.3 million before changes in operating assets and liabilities. After giving effect to the use of \$13.3 million in the operating accounts, the Company used \$8.0 million from operating activities compared to using \$5.9 million in the first quarter of 2000. During the quarter, the Company invested \$4.9 million in capital expenditures, including \$2.0 million for replacement of fire destroyed equipment and tooling. The remaining cash used, along with a decrease in cash of \$2.1 million was offset by an increase in bank borrowings of \$11.0 million.

SEASONALITY; VARIABILITY OF OPERATING RESULTS

— The Company's results of operations are typically stronger in the first six months rather than the last six months of each calendar year due to scheduled plant maintenance in the third quarter to coincide with customer plant shutdowns and to 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 anticipated levels and funding of capital expenditures and credit availability. 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: general business conditions; competitive factors, including pricing pressures and product innovation; raw material availability and pricing; changes in our relationships with customers and suppliers; the ability of the Company to successfully integrate recent and future acquisitions into its existing operations; changes in general domestic economic conditions such as inflation rates, interest rates and tax rates; the ability of the Company to meet various covenants, including financial covenants, contained in its credit agreement and the indenture governing the Senior Subordinated Notes; 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 and heavy truck industries; 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 the our plans and objectives will be achieved.~~

~~REVIEW BY INDEPENDENT ACCOUNTANTS~~

~~— The consolidated financial statements at March 31, 2001, and for the three month periods ended March 31, 2001 and 2000, have been reviewed, prior to filing, by Ernst & Young LLP, the Company's independent accountants, and their report is included herein.~~

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~~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 \$149.5 million at March 31, 2001. 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 2001.~~

~~ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K~~

~~— The following exhibits are included herein:~~

~~—~~

~~_____ (15) Letter re: unaudited financial information~~

~~— The Company did not file any reports on Form 8-K during the three months ended March 31, 2001.~~

~~_____ 16~~

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~~_____ 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/ RICHARD P. ELLIOTT

Name: Richard P. Elliott
Title: Vice President and Chief
Financial Officer (Principal
Financial and Accounting
Officer)

Dated May 14, 2001

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EXHIBIT INDEX

QUARTERLY REPORT ON FORM 10-Q

PARK OHIO HOLDINGS CORP. AND SUBSIDIARIES

FOR THE QUARTER ENDED MARCH 31, 2001

EXHIBIT
- -----

(15) Letter re: unaudited financial information

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EX-15
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EXHIBIT 15

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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 May 10, 2001 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, 2001.

REGISTRATION STATEMENT	DESCRIPTION	SHARES REGISTERED
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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

/s/ Ernst & Young LLP
Cleveland, Ohio
May 14, 2001

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