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PARK OHIO HOLDINGS FORM 10-Q

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 SEPTEMBER 30, 2002, 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 October 31, 2002: 10,496,191.

The Exhibit Index is located on page 23.

PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES

INDEX

~~PART I~~

~~FINANCIAL INFORMATION~~

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

~~CONSOLIDATED BALANCE SHEETS~~

	(UNAUDITED) SEPTEMBER 30 2002	DECEMBER 31 2001
	(DOLLARS IN THOUSANDS)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6,965	$ 3,872
Accounts receivable, less allowances for doubtful accounts of $2,808 at September 30, 2002 and $2,680 at December 31, 2001	123,590	99,241
Inventories	153,643	151,463
Other current assets	20,855	23,108
Total Current Assets	305,053	277,684
Property, Plant and Equipment	233,231	214,480
Less accumulated depreciation	116,589	105,155
	116,642	109,325
Other Assets		
Goodwill	130,263	130,263
Net assets held for sale	21,637	22,733
Prepaid pension and other	53,826	50,371
	$627,421	$590,376
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade accounts payable	$ 88,051	$ 65,131
Accrued expenses	45,408	28,482
Current portion of long-term liabilities	3,467	3,787
Total Current Liabilities	136,926	97,400
Long-Term Liabilities, less current portion		
Long-term debt	327,958	328,731
Other postretirement benefits	23,219	24,001
Other	13,732	15,277
	364,909	368,009
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	70,525	71,239
Treasury stock, at cost	(9,092)	(9,092)
Accumulated other comprehensive loss	(3,059)	(4,252)
Unearned compensation -- restricted stock awards	(133)	(273)
	125,586	124,967
	$627,421	$590,376

~~Note: The balance sheet at December 31, 2001 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 OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30 2002	THREE MONTHS ENDED SEPTEMBER 30 2001	NINE MONTHS ENDED SEPTEMBER 30 2002	NINE MONTHS ENDED SEPTEMBER 30 2001
	(AMOUNTS IN THOUSANDS -- EXCEPT PER SHARE DATA)			
Net sales	$157,832	$156,183	$478,300	$489,756
Cost of products sold	134,639	132,534	409,029	414,023
Gross profit	23,193	23,649	69,271	75,733
Selling, general and administrative expenses	14,496	16,696	43,450	51,276
Amortization of goodwill	-0-	941	-0-	2,798
Restructuring and other non-recurring expenses	1,006	709	5,262	1,012
Operating income	7,691	5,303	20,559	20,647
Interest expense	7,024	7,856	20,663	23,656
Non-operating expenses	0	0	0	1,850
Income (loss) before income taxes	667	(2,553)	(104)	(4,859)
Income tax (benefit)	909	147	610	(925)
Net loss	$ (242)	$ (2,700)	$ (714)	$ (3,934)
Net loss per common share:				
Basic	$ (.02)	$ (.26)	$ (.07)	$ (.38)
Diluted	$ (.02)	$ (.26)	$ (.07)	$ (.38)
Common shares used in the computation:				
Basic	10,434	10,434	10,434	10,434
Diluted	10,434	10,434	10,434	10,434

See notes to consolidated financial statements.

PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	UNEARNED COMPENSATION	TOTAL
					(DOLLARS IN THOUSANDS)		
Balance January 1, 2002	$11,210	$56,135	$71,239	$ (9,092)	$ (4,252)	$ (273)	$124,967
Comprehensive income (loss):							
Net loss			(714)				(714)
Foreign currency translation adjustment					1,193		1,193
Comprehensive income (loss)							479
Amortization of restricted stock						140	140
Balance September 30, 2002	$11,210	$56,135	$70,525	$ (9,092)	$ (3,059)	$ (133)	$125,586

See notes to consolidated financial statements.

PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30 2002	2001
	(DOLLARS IN THOUSANDS)	
OPERATING ACTIVITIES		
Net loss	$ (714)	$ (3,934)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	12,720	15,369
Changes in operating assets and liabilities, excluding acquisitions of businesses:		
Accounts receivable	(17,461)	8,327
Inventories and other current assets	5,467	12,179
Accounts payable and accrued expenses	28,507	(16,117)
Other	(10,875)	(11,427)
Net Cash Provided by Operating Activities	17,644	4,397
INVESTING ACTIVITIES		
Purchases of property, plant and equipment, net	(10,195)	(10,983)
Proceeds from sale of Castle Rubber	2,486	-0-
Costs of acquisitions, net of cash acquired	(5,748)	-0-
Net Cash Used by Investing Activities	(13,457)	(10,983)
FINANCING ACTIVITIES		
Proceeds from bank arrangements	1,510	19,000
Payments on debt	(2,604)	(12,084)
Net Cash (Used) Provided by Financing Activities	(1,094)	6,916
Increase in Cash and Cash Equivalents	3,093	330
Cash and Cash Equivalents at Beginning of Period	3,872	2,612
Cash and Cash Equivalents at End of Period	$ 6,965	$ 2,942
Taxes refunded	$ (4,207)	$ (1,509)
Interest paid	14,560	17,705

See notes to consolidated financial statements.

PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 30, 2002

(AMOUNTS 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 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 and nine-month periods ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. 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, 2001.

Certain amounts have been reclassified to conform to current year presentation.

NOTE B -- DISPOSITIONS AND ACQUISITION

On December 21, 2001, the Company completed the sale of substantially all of the assets of Cleveland City Forge for cash of approximately $6.1 million. Cleveland City Forge was a non-core business in the Manufactured Products Segment, producing clevises and turnbuckles for the construction industry.

On April 26, 2002, the Company completed the sale of substantially all of the assets of Castle Rubber Company for cash of approximately $2.5 million. Castle Rubber, a non-core business in the Manufactured Products Segment, had been identified as a business the Company was discontinuing as part of its restructuring activities during 2001.

On September 10, 2002, the Company acquired substantially all of the assets of Ajax Magnethermic Corporation ("Ajax"), a manufacturer of induction heating and melting equipment. The purchase price of approximately $5.0 million and the results of operations of Ajax prior to its date of acquisition was not deemed significant as defined in Regulation S-X.

NOTE C -- INVENTORIES

The components of inventory consist of the following:

	SEPTEMBER 30 2002	DECEMBER 31 2001
In process and finished goods	$138,894	$137,021
Raw materials and supplies	14,749	14,442
	$153,643	$151,463

NOTE D -- SHAREHOLDERS' EQUITY

At September 30, 2002, 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 10,496,191 shares were issued and outstanding.

NOTE E -- NET LOSS PER COMMON SHARE

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2002	2001	2002	2001
NUMERATOR				
Net loss	$ (242)	$(2,700)	$ (714)	$(3,934)
DENOMINATOR				
Denominator for basic earnings per share -- weighted average shares	10,434	10,434	10,434	10,434
Effect of dilutive securities:				
Employee stock options and awards	-0-(a)	-0-(a)	-0-(a)	-0-(a)
Denominator for diluted earnings per share -- adjusted weighted average shares and assumed conversions	10,434	10,434	10,434	10,434
Net loss per common share -- basic	$ (.02)	$ (.26)	$ (.07)	$ (.38)
Net loss per common share -- diluted	$ (.02)	$ (.26)	$ (.07)	$ (.38)

(a) The addition of 445 and 28 shares for the three months ended September 30, 2002 and 2001, respectively, and 445 and 28 shares for the nine months ended September 30, 2002 and 2001, respectively, would result in anti-dilution.

NOTE F -- ACCOUNTING PRONOUNCEMENTS

The Company adopted Financial Accounting Standard No. 142 "Goodwill and Other Intangible Assets" ("FAS 142") as of January 1, 2002. Under FAS 142, the Company no longer amortizes goodwill, but is required to review goodwill for impairment annually, or more frequently if impairment indicators arise.

In accordance with FAS 142, prior period amounts were not restated. A reconciliation of the previously reported net income (loss) and earnings (loss) per share for the three months and nine months ended September 30, 2001 to the amounts adjusted for the reduction of amortization expense is as follows:

	THREE MONTHS ENDED SEPTEMBER 30, 2001			NINE MONTHS ENDED SEPTEMBER 30, 2001		
	NET INCOME (LOSS)	BASIC EARNINGS (LOSS) PER SHARE	DILUTED EARNINGS (LOSS) PER SHARE	NET INCOME (LOSS)	BASIC EARNINGS (LOSS) PER SHARE	DILUTED EARNINGS (LOSS) PER SHARE
Reported........................	$(2,700)	$(.26)	$(.26)	$(3,934)	$(.38)	$(.38)
Add: Amortization adjustment....	941	.09	.09	2,798	.27	.27
Adjusted........................	$(1,759)	$(.17)	$(.17)	$(1,136)	$(.11)	$(.11)

Pursuant to the adoption of FAS 142, the Company has completed the initial valuation analysis required by the transitional goodwill impairment tests which indicates that the fair value of each of the Company's three reporting units as of January 1, 2002 was less than the carrying value for financial reporting purposes and that up to $50 million of goodwill is impaired. Once the transitional impairment tests have been completed, the related non-cash impairment charge will be recorded by December 31, 2002 and reflected as a cumulative

effect of a change in accounting principle. This non cash transitional impairment charge will have no effect on the future operating results of the company.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"), which supercedes FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". Although retaining many of the fundamental impairment and measurement provisions of FAS 121, the new rules supercede the provisions of APB Opinion 30 with regard to reporting the effects of a disposal of a segment of a business. The adoption of this standard by the Company on January 1, 2002 did not impact the Company's financial position, results of operations or cash flows.

In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections," ("FAS 145"). FAS 145 rescinds FAS 4 and FAS 64 related to classification of gains and losses on debt extinguishment such that most debt extinguishment gains and losses will no longer be classified as extraordinary. FAS 145 also amends FAS 13 with respect to sales leaseback transactions. The Company adopted the provisions of FAS 145 effective April 1, 2002, and the adoption had no impact on the Company's reported results of operations or financial position.

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," ("FAS 146"), which addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." FAS 146 requires that liability for a cost that is associated with an exit or disposal activity be recognized when a legal liability is incurred. FAS 146 also establishes that fair value is the objective for the initial measurement of the liability. FAS 146 is effective for exit and disposal activities that are initiated after December 31, 2002. It is currently the Company's policy to recognize restructuring costs as announced in December 2001 in accordance with EITF Issue No. 94-3.

NOTE G -- INDUSTRY SEGMENTS

The Company operates through three segments: Integrated Logistics Solutions ("ILS"), Aluminum Products and Manufactured Products. ILS is a leading logistics provider of production components to large, multinational manufacturing companies, other manufacturers and distributors. In connection with the supply of such production components, ILS provides a variety of value-added, cost-effective supply chain management services. The principal customers of ILS are in the semiconductor equipment, technology, industrial equipment, aerospace and defense, electrical controls, HVAC, heavy-duty truck, vehicle parts and accessories, appliances and motors, and lawn and garden equipment industries. Aluminum Products manufactures cast aluminum components for automotive, agricultural equipment, heavy-duty truck and construction equipment. 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 equipment manufacturers and end users in the aerospace, automotive, railroad, truck and oil industries. Intersegment sales are immaterial.

Results by business segment were as follows:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2002	2001	2002	2001
Net sales				
ILS	$104,769	$ 97,817	$304,511	$324,137
Aluminum products	24,729	20,545	81,232	62,503
Manufactured products	28,334	37,821	92,557	103,116
	$157,832	$156,183	$478,300	$489,756
Income (loss) before income taxes:				
ILS	$ 7,676	$ 5,303	$ 18,042	$ 21,649
Aluminum products	1,367	(773)	5,118	(1,908)
Manufactured products	(115)	2,485	1,053	5,567
	8,928	7,015	24,213	25,308
Corporate costs	(1,237)	(1,712)	(3,654)	(4,661)
Interest expense	(7,024)	(7,856)	(20,663)	(23,656)
Non operating expenses	0	0	0	(1,850)
	$ 667	$ (2,553)	$ (104)	$ (4,859)

	SEPTEMBER 30 2002	DECEMBER 31 2001
Identifiable assets were as follows:		
ILS	$324,652	$305,493
Aluminum products	109,581	94,311
Manufactured products	159,075	125,837
General corporate	12,476	42,002
Net assets held for sale	21,637	22,733
	$627,421	$590,376

NOTE H -- COMPREHENSIVE INCOME (LOSS)

Total comprehensive income (loss) was as follows:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2002	2001	2002	2001
Net loss	$(242)	$(2,700)	$ (714)	$(3,934)
Foreign currency translation	(697)	163	1,193	(1,076)
Total comprehensive income (loss)	$(939)	$(2,537)	$ 479	$(5,010)

NOTE I -- NON-OPERATING EXPENSES

In June 2000, the Company's Cicero Flexible Products plant was destroyed in a fire. In the first nine months of 2001, the Company expensed $1.85 million of non-recurring business interruption costs, which were not covered by insurance.

NOTE J -- RESTRUCTURING ACTIVITIES

During 2001, the Company recorded pretax charges of $28.5 million (of which

$6.9 million related to severance and exit costs) as a result of a restructuring plan aimed at positioning the Company for stronger profitability. The charges consisted of asset write-downs, employee termination and severance costs related to workforce reductions of approximately 525 employees, and other exit costs related to the shutdown of facilities. The Company continues to re-evaluate the asset write down reserves and severance and exit cost liabilities, and expects to substantially complete these restructuring actions in 2002. For further details on the restructuring plan, see Note M to the audited financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

The accrued liability balance for severance and exit costs and related cash payments consisted of:

Severance and exit charges recorded in 2001................	$ 6,883
Cash payments made in 2001................................	(2,731)
Balance at December 31, 2001..............................	4,152
Severance and exit charges recorded in 2002................	1,904
Cash payments made in 2002................................	(4,982)
Balance at September 30, 2002.............................	$ 1,074

As of September 30, 2002, all of the 525 employees identified in 2001 had been terminated. Severance costs related to additional work force reductions of 327 employees were recorded in the first nine months of 2002. The workforce reductions under the restructuring plan consisted of hourly and salaried employees at various operating facilities due to either closure or consolidation.

Net sales for Ajax Manufacturing (business held for sale) were $3,527 and $4,625 for the nine months ended September 30, 2002 and 2001, respectively. Operating income (loss) for this entity was $(762) and $221 for the nine months ended September 30, 2002 and 2001, respectively.

During the second quarter of 2002 the Company sold Castle Rubber for $2.5 million and completed the closure of a manufacturing facility. The difference between the proceeds received and the carrying value of net assets sold was charged to asset write down reserves established in 2001. Included in restructuring and other non-recurring expenses is a $2.7 million charge for the curtailment of the two pension plans at these facilities, as determined by consulting actuaries.

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 September 30, 2002 and the related consolidated statements of operations for the three-month and nine-month periods ended September 30, 2002 and 2001, the consolidated statement of shareholders' equity for the nine-month period ended September 30, 2002 and the consolidated statements of cash flows for the nine-month periods ended September 30, 2002 and 2001. 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.

As discussed in Note F to the consolidated financial statements, effective January 1, 2002, the Company changed its method of accounting for goodwill.

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, 2001 and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended, not presented herein, and in our report dated March 1, 2002, 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, 2001, 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
November 11, 2002

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. Financial information for the three-month and nine-month periods ended September 30, 2002 is not directly comparable to the financial information for the same three-month and nine-month periods in 2001, for several reasons. Effective January 1, 2002, the Company no longer amortizes goodwill. Goodwill amortization was $941 thousand and $2.8 million in the third quarter and first nine months of 2001, respectively.

During third quarter 2002, the Company continued its announced restructuring activities and recorded $1.0 million of restructuring charges. In the first and second quarters of 2001, the Company expensed $950 thousand and $900 thousand respectively, of non-recurring business-interruption costs related to a June 2000 fire, which destroyed the Company's Cicero Flexible Products plant. During third quarter 2001, the Company recorded $.7 million of restructuring charges.

The Company sold substantially all the assets of Cleveland City Forge on December 21, 2001 for cash of approximately $6.1 million. The Company sold substantially all the assets of Castle Rubber Company on April 26, 2002 for cash of approximately $2.5 million. The Company acquired substantially all the assets of Ajax Magnethermic Corp. on September 10, 2002 for cash of approximately $5.0 million.

OVERVIEW

The Company's sales volumes and profitability declined during 2001, due to overall weakness in the manufacturing economy, and particularly to contraction in the heavy-duty truck and automotive industries. Despite these sales declines, the Company believes it has retained or gained market share in most major markets served. The Company responded to this economic downturn by reducing costs, increasing prices on targeted products, restructuring businesses and selling non-core manufacturing assets. The Company restructured many of its businesses, including planned closure of twenty logistics warehouses and closure or sale of eight manufacturing plants. With regard to these actions, in 2001 the Company recorded restructuring and impairment charges of $28.5 million.

The Company's 2002 quarterly sales have increased compared to the fourth quarter of 2001 and the company has earned a profit in the first nine months of 2002 (excluding non cash pension plan curtailment charges resulting from the closure of a plant in the second quarter). During 2002, the Company has continued to reduce costs and restructure its businesses as previously planned, including closing or consolidating eight logistics warehouses, and one manufacturing plant, and selling Castle Rubber.

On January 1, 2002 the Company adopted Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("FAS 142"). Under FAS 142, goodwill and intangible assets with indefinite lives are no longer amortized, but are reviewed for impairment annually, or more frequently if impairment indicators arise.

Pursuant to FAS 142, the Company has completed the initial valuation analysis required by the transitional goodwill impairment tests which indicates that the fair value of each of the Company's three reporting units as of January 1, 2002 was less than the carrying value for financial reporting purposes and that up to $50 million of the goodwill is impaired. Once the transitional impairment tests have been completed, the related non-cash impairment charge will be recorded by December 31, 2002, and reflected as a cumulative effect of a change in accounting principle. This non cash transitional impairment charge will have no effect on the future operating results of the Company.

RESULTS OF OPERATIONS

Nine Months 2002 versus Nine Months 2001

Net sales declined by $11.5 million, or 2%, to $478.3 million for the first nine months of 2002, from $489.8 million for the same period in 2001. ILS net sales declined 6%, or $19.6 million, due primarily to the current economic downturn. Aluminum Products net sales increased 30%, or $18.7 million. This increase

included $12.2 million in new production contracts and $13.2 million from higher volumes and price increases in ongoing contracts, partially offset by a $6.7 million decrease relating to the ending of certain production contracts. Manufactured Products net sales decreased 10%, or $10.6 million, primarily due to the sale of Cleveland City Forge and Castle Rubber.

Gross profit declined by $6.4 million, or 8%, to $69.3 million for the first nine months of 2002, from $75.7 million for the same period in 2001. Of this decline, approximately $5.2 million was attributable to organic sales decreases and the remainder to divestitures. The Company's consolidated gross margin declined to 14.5% for the first nine months of 2002, from 15.5% for the first nine months of 2001. ILS gross margin declined despite cost reductions, due to the absorption of fixed operational overheads over a smaller sales base and pricing pressure. Aluminum Products gross margins increased significantly, due to the absorption of fixed manufacturing overheads over a larger production base, cost reductions and higher margins on new contracts. Gross margins in the Manufactured Products segment decreased primarily due to pricing pressure, the absorption of fixed overhead over a smaller sales base and the divestiture of the high-margin sales of Cleveland City Forge.

Selling, general and administrative expenses ("SG&A") decreased by 15% or $7.8 million, to $43.5 million for the first nine months of 2002 from $51.3 million for the same period in 2001. SG&A decreased through cost reductions in the ILS and Manufactured Products segments, while the Aluminum Products segment remained unchanged despite a 30% sales increase. Manufactured Products SG&A was reduced by $1.1 million in the first nine months 2002 due to the sale of Cleveland City Forge and Castle Rubber. During the first nine months of 2002, SG&A was negatively affected by a decrease of $.9 million in net pension credits, reflecting less favorable investment returns on pension plan assets. Consolidated SG&A expenses as a percentage of net sales were 9.1% for the first nine months of 2002 as compared to 10.5% for the same period in 2001. Amortization of goodwill (reported separately from SG&A for clarity) has been eliminated in 2002, in accordance with FAS 142, eliminating $2.8 million of year to date expenses.

Interest expense decreased $3.0 million to $20.7 for the first nine months of 2002, from $23.7 million in the same period of 2001 due to lower average debt outstanding and lower average interest rates in 2002. During the first nine months of 2002, the Company averaged outstanding borrowings of $333.7 million as compared to $356.8 million for the corresponding period of 2001. The $23.1 million decrease related primarily to lower working capital levels in ongoing units and cash from the sale of Cleveland City Forge and Castle Rubber. The average interest rate of 8.26% for the first nine months was 58 basis points lower than the average rate of 8.84% for same period in 2001, primarily due to decreased rates on the Company's revolving credit facility.

Despite a loss before income tax of $.1 million, the Company recorded a $.6 million income tax provision for the first nine months of 2002, due to foreign taxes and a foreign tax rate difference in foreign subsidiaries, and a reduced tax benefit from the Company's foreign sales corporations. In the first nine months of 2001, the effective income tax rate was 19%. This low rate resulted from the tax rate impact of permanent tax items which are not deductible such as the amortization of goodwill (discontinued in 2002), given the pretax loss during the first nine months of 2001.

Third Quarter 2002 versus Third Quarter 2001

Net sales grew by $1.6 million, or 1%, to $157.8 million in third quarter 2002, from $156.2 million for the same quarter in 2001. ILS net sales grew 7%, or $7.0 million, due primarily to growth in heavy truck and other customer industries. Aluminum Products net sales increased 20%, or $4.2 million. This increase included $4.5 million in new production contracts and $3.7 million from higher volumes and price increases in ongoing contracts, partially offset by a $4.0 million decrease relating to the ending of certain production contracts. Manufactured Products net sales decreased 25%, or $9.5 million, due to the sale of Cleveland City Forge and Castle Rubber, and lower sales in capital equipment units.

Gross profit declined by $.4 million, or 2%, to $23.2 million for third quarter 2002, from $23.6 million for the same quarter in 2001. Of this decline, approximately $.2 million was attributable to organic sales decreases and the remainder to divestitures. The Company's consolidated gross margin declined to approximately 14.7%

for third quarter 2002, from 15.1% for same quarter in 2001. ILS gross margin increased slightly due to cost reductions and the accelerated termination of a sales contract with a high margin. Aluminum Products gross margins increased significantly, due to the absorption of fixed manufacturing overheads over a larger production base, cost reductions and higher margins on new contracts. Gross margins in the Manufactured Products segment decreased due to pricing pressure, the absorption of fixed manufacturing overhead over a smaller sales base and the divestiture of the high margin sales of Cleveland City Forge.

Selling, general and administrative expenses ("SG&A") decreased by 13% or $2.2 million, to $14.5 million for third quarter 2002 from $16.7 million for the same period in 2001. SG&A decreased through cost reductions in all three segments. Manufactured Products SG&A was reduced by $.4 million in third quarter 2002 due to the sales of Cleveland City Forge and Castle Rubber. During the third quarter of 2002, SG&A was negatively affected by a decrease of $.3 million in net pension credits, reflecting less favorable investment returns on pension plan assets. Consolidated SG&A expenses as a percentage of net sales were 9.2% for third quarter 2002 as compared to 10.7% for the same quarter in 2001. Amortization of goodwill (reported separately from SG&A for clarity) has been eliminated in 2002, in accordance with FAS 142, eliminating $.9 million of third quarter expenses.

Interest expense decreased $.9 million to $7.0 million for third quarter 2002, from $7.9 million for the same quarter in 2001 due to lower average debt outstanding and lower average interest rates in 2002. During third quarter 2002, the Company averaged outstanding borrowings of $331.7 million as compared to $356.3 million for the corresponding quarter of the 2001. The $24.6 million decrease related primarily to lower working capital levels in ongoing units and cash from the sale of Cleveland City Forge and Castle Rubber. The average interest rate of 8.47% for the current quarter was 35 basis points lower than the average rate of 8.82% for third quarter 2001, primarily due to decreased rates on the Company's revolving credit facility.

The effective income tax rate for third quarter 2002 was over 100%, including a $.4 million tax provision adjustment for the first two quarters of 2002 based on revised estimates of foreign taxes and a foreign tax rate difference in the Company's foreign subsidiaries, and a reduced tax benefit from the Company's foreign sales corporations. In the same quarter of 2001, the Company recorded a $.1 million tax provision despite a loss before income taxes, as a result of the third quarter 2001 reduction of the estimated income tax rate to 19%. This change, which reduced the third quarter 2001 income tax benefit by $.6 million, resulted from the tax rate impact of permanent tax items which are not deductible, such as the amortization of goodwill (discontinued in 2002), given the pretax loss estimated for 2001.

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. The Company is party to a credit and security agreement dated December 21, 2000, as amended ("Credit Agreement"), with a group of banks under which it may borrow up to $160 million secured by substantially all the assets of the Company. The proceeds from the Credit Agreement, which expires on June 30, 2004, will be used for general corporate purposes. Amounts borrowed under the Credit Agreement may be borrowed at Park-Ohio's election at either (i) the bank's prime lending rate plus up to 50-150 basis points or (ii) LIBOR plus 275-350 basis points. The Company's ability to select LIBOR based interest and the interest rate are dependent on the Company's ratio of senior funded indebtedness to EBITDA, as defined in the credit agreement.

A detailed borrowing base formula was defined in the fifth amendment to the Credit Agreement, dated September 30, 2002. This borrowing base provides borrowing capacity to the Company based on percentages of eligible accounts receivable, inventory and fixed assets. As of September 30, 2002, the Company could have borrowed up to the full $160.0 million. As of September 30, 2002, the Company was limited to prime based borrowings (5.75% at that date) and $125.0 million was outstanding under the facility.

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 future availability of bank borrowings is based on the Company's ability to meet various financial covenants, which could be

materially impacted in the event of a renewal of negative economic trends. Failure to meet financial covenants could materially impact the availability and interest rate of future borrowings. At September 30, 2002, the Company is in compliance with all financial covenants under the Credit Agreement.

The ratio of current assets to current liabilities was 2.23 at September 30, 2002 versus 2.85 at December 31, 2001. Working capital decreased by $12.2 million to $168.1 million at September 30, 2002 from $180.3 million at December 31, 2001.

During the first nine months of 2002, the Company provided $17.6 million from operating activities as compared to $4.4 million for the same period in 2001. During the first nine months of 2002, the Company invested $10.2 million in capital expenditures and $5.7 million for acquisitions, and received $2.5 million from the sale of Castle Rubber. These activities, less a net pay-down of borrowings of $1.1 million, resulted in an increase in cash during first nine months of 2002 of $3.1 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 the Company's 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 the Company's 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.

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 amounts of restructuring charges, credit availability, levels and funding of capital expenditures and trends for the remainder of 2002. 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 and quality; 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, foreign currency exchange rates; tax rates and 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 our 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 September 30, 2002, and for the three-month and nine-month periods ended September 30, 2002 and 2001, 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 $121 million at September 30, 2002. A 100 basis point increase in the interest rate would have resulted in an increase in interest expense of approximately $.9 million during the nine-month period ended September 30, 2002.

The Company's foreign subsidiaries generally conduct business in local currencies. During the first nine months of 2002, the Company recorded a favorable foreign currency translation adjustment of $1.2 million related to net assets located outside the United States. This foreign currency translation adjustment resulted primarily from the weakening of the United States dollar in relation to the Canadian dollar and the euro. 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.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

The Company's chief executive officer and chief financial officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c)) as of a date (the "Evaluation Date") within 90 days before the filing date of this quarterly report, have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were effective and designed to ensure that material information relating to the Company and the Company's consolidated subsidiaries would be made known to them by others within those entities.

(b) Changes in internal controls.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the Evaluation Date.

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 third quarter of 2002.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following exhibits are included herein:

(4) Fifth amendment, dated September 30, 2002, to the Credit and Security Agreement among Park-Ohio Industries, Inc. and various financial institutions

(15) Letter re: unaudited financial information

(99) Certification requirement under Section 906 of the Sarbanes-Oxley Act of 2002

The Company did not file any reports on Form 8-K during the three months ended September 30, 2002.

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 November 13, 2002

CERTIFICATION

I, Edward F. Crawford, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Park-Ohio Holdings Corp.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: November 13, 2002

By /s/ EDWARD F. CRAWFORD

Name: Edward F. Crawford
Title: Chairman, Chief Executive Officer and President

CERTIFICATION

I, Richard P. Elliott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Park-Ohio Holdings Corp.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

~~b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and~~

~~6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.~~

~~Dated: November 13, 2002~~

~~By /s/ RICHARD P. ELLIOTT~~

~~Name: Richard P. Elliott~~
~~Title: Vice President and Chief Financial Officer~~

~~EXHIBIT INDEX~~

~~QUARTERLY REPORT ON FORM 10-Q~~

~~PARK-OHIO HOLDINGS CORP. AND SUBSIDIARIES~~
~~FOR THE QUARTER ENDED SEPTEMBER 30, 2002~~

EXHIBIT	
~~(4)~~	~~Fifth amendment, dated September 30, 2002, to the Credit and Security Agreement among Park-Ohio Industries, Inc. and various financial institutions~~
~~(15)~~	~~Letter re: unaudited financial information~~
~~(99)~~	~~Certification requirement under Section 906 of the Sarbanes-Oxley Act of 2002~~

~~EX-4~~
~~3~~
~~l96687aexv4.txt~~
~~EXHIBIT 4~~

~~Exhibit 4~~

~~FIFTH AMENDMENT AGREEMENT~~

~~This FIFTH AMENDMENT AGREEMENT (this "Amendment") is made as of the 30th day of September, 2002, by and among PARK-OHIO INDUSTRIES, INC., an Ohio corporation ("Borrower"), the banking institutions listed on Schedule 1 to the Credit Agreement, as hereinafter defined (collectively, the "Banks" and, individually, each a "Bank"), KEYBANK NATIONAL ASSOCIATION, as administrative agent for the Banks ("Agent"), and THE HUNTINGTON NATIONAL BANK, as co-agent for the Banks ("Co-Agent").~~

~~WHEREAS, Borrower, Agent and the Banks are parties to a certain Credit and Security Agreement, dated as of December 21, 2000, as amended and as the same may from time to time be further amended, restated or otherwise modified, that provides, among other things, for loans and letters of credit aggregating One Hundred Eighty Million Dollars ($180,000,000), all upon certain terms and conditions stated therein (the "Credit Agreement");~~

~~WHEREAS, Borrower, Agent and the Banks desire to amend the Credit Agreement to modify certain provisions thereof; and~~

~~WHEREAS, each capitalized term used herein and defined in the Credit Agreement, but not otherwise defined herein, shall have the meaning given such term in the Credit Agreement;~~

~~NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other valuable considerations, Borrower, Agent and the Banks hereby agree as follows:~~

~~1. Amendments to Definitions. Article I of the Credit Agreement is hereby amended to delete the definitions of "Availability", "Borrowing Base", "Commitment Period", "Consolidated Fixed Charges", "Eligible Account Receivable", "Eligible Inventory", "Maximum Revolving Amount", "Revolving Credit~~

~~Commitment" and "Total Commitment Amount" therefrom and to insert in place thereof, respectively, the following:~~

~~"Availability" shall mean, at any time, an amount equal to the difference between the Revolving Credit Commitment and the Revolving Credit Exposure; provided that, notwithstanding anything in this Agreement, the Maximum Revolving Amount, for any given month, may not exceed the amount listed on line item I of Schedule 1 to the Indenture Certificate for that month.~~

~~"Borrowing Base" shall mean, at any date, the sum of:~~

~~(a) eighty percent (80%) of the amount due and owing on Eligible Non CEG Accounts Receivable; plus~~

~~(b) fifty percent (50%) of the aggregate of the cost or market value (whichever is lower) of Eligible Non CEG Inventory; plus~~

~~(c) the lesser of:~~

~~(i) Fifteen Million Dollars ($15,000,000); or~~

~~(ii) the sum of:~~

~~(A) fifty percent (50%) of the amount due and owing on Eligible CEG Accounts Receivable; plus~~

~~(B) (1) on September 30, 2002 through December 31, 2002, thirty percent (30%) of the aggregate of the cost or market value (whichever is lower) of Eligible CEG Inventory, (2) on January 1, 2003 through January 31, 2003, twenty-five percent (25%) of the aggregate of the cost or market value (whichever is lower) of Eligible CEG Inventory, (3) on February 1, 2003 through February 28, 2003, twenty percent (20%) of the aggregate of the cost or market value (whichever is lower) of Eligible CEG Inventory, (4) on March 1, 2003 through March 31, 2003, fifteen percent (15%) of the aggregate of the cost or market value (whichever is lower) of Eligible CEG Inventory, (5) on April 1, 2003 through April 30, 2003, ten percent (10%) of the aggregate of the cost or market value (whichever is lower) of Eligible CEG Inventory, (6) on May 1, 2003 through May 31, 2003, five percent (5%) of the aggregate of the cost or market value (whichever is lower) of Eligible CEG Inventory, and (7) on June 1, 2003 and thereafter, zero percent (0%) of the aggregate of the cost or market value of Eligible CEG Inventory; plus~~

~~(d) the lesser of (i) Six Million Two Hundred Fifty Thousand Dollars ($6,250,000), or (ii) twenty-five percent (25%) of the aggregate of the cost or market value (whichever is lower) of Eligible Excess Stock; plus~~

~~(e) the Eligible Real Estate Amount; plus~~

~~(f) the sum of (i) the Eligible Equipment Amount and (ii) Seven Million Dollars ($7,000,000);~~

~~provided, however, that each of the foregoing advance rates shall at all times be subject to such reserves and to modification or reduction as may be determined by Agent and the Required Banks, in their sole but reasonable discretion.~~

~~"Commitment Period" shall mean the period from the Closing Date to June 30, 2004, or such earlier date on which the Commitment shall have been terminated pursuant to Article IX hereof.~~

~~"Consolidated Fixed Charges" shall mean, for any period, on a Consolidated basis and in accordance with GAAP, the aggregate of (a) Consolidated Interest Expense, (b) cash expenditures for income taxes as reported in Borrower's quarterly or annual financial statements, as the case may be, delivered pursuant to Sections 5.3(a) and (b)~~

~~hereof, respectively, (c) principal payments on Funded Indebtedness (other than payments made with respect to (i) the Revolving Credit Notes and (ii) Indebtedness that is being refinanced simultaneously with the making of such payment), as reported in Borrower's quarterly or annual financial statements, as the case may be, delivered pursuant to Sections 5.3(a) and (b) hereof, respectively, (d) Capital Distributions of Borrower on a Consolidated basis (and specifically adding the amount of any loans made by Borrower to Parent for the purpose of making Capital Distributions), and (e) unfunded Consolidated Capital Expenditures as reported in Borrower's quarterly or annual financial statements, as the case may be, delivered pursuant to Sections 5.3(a) and (b) hereof, respectively, provided that for purposes of this definition, "unfunded Consolidated Capital Expenditures" shall be determined by excluding (i) capital expenditures financed by (1) loans secured by purchase money liens on the assets purchased with the proceeds of such loans, (2) capital leases, and~~

~~(3) payment of insurance proceeds for the purchase of replacement capital assets, except to the extent that any such payments are included (as a nonrecurring gain), on and after October 1, 2000, in the calculation of Consolidated Net Earnings, and (ii) cash capital expenditures up to Two Million Dollars ($2,000,000) and non cash transfers of fixed assets from Borrower or any Subsidiary to Southwest Steel Processing LLC in preparation for the start up of its business.~~

~~"Eligible Account Receivable" shall mean an Account of a Credit Party that, at all times until it is collected in full, continuously meets the following requirements: (a) arose in the ordinary course of business of such Company from the performance (fully completed) of services or bona fide sale of goods that have been shipped to the Account Debtor, and not more than ninety days from the due date as specified in the invoice relating to such account receivable have elapsed with respect to such account receivable (except as to the Specified Account Debtors, in which case such time period may exceed ninety days); (b) is not an account receivable due from any Affiliate, shareholder or employee of such Company; (c) is not due from any Account Debtor with respect to which such Company has received any notice or has any knowledge of insolvency, bankruptcy or financial impairment (excluding accounts receivable from post petition bankruptcy estates, so long as each Account Debtor is approved in writing in advance by Agent, in its sole discretion); (d) is not subject to any claim for credit, allowance or adjustment by the Account Debtor or any set off or counterclaim or is otherwise subject to dispute or represented by a "V" invoice of such Company; (e) is not a Foreign Account Receivable other than (i) an LC Foreign Account Receivable, (ii) an Acceptable Foreign Account Receivable, or (iii) payable to a Credit Party by an Account Debtor organized in Canada (excluding the province of Quebec); (f) has not been determined by Agent, in its sole discretion, to be unsatisfactory in any respect; and (g) is an Account in which Agent, for the benefit of the Banks, has a valid and enforceable first security interest.~~

~~"Eligible Inventory" shall mean all Inventory of a Credit Party in which Agent, for the benefit of the Banks, has a valid and enforceable first security interest, except Inventory that is (a) located outside of the United States or Canada, (b) in the possession of a bailee or third party, (c) damaged, defective, or obsolete, (d) held by any Person on consignment, (e) Non Moving Stock, (f) Excess Stock, or (g) determined by Agent, in its~~

~~sole discretion, to be unsatisfactory in any respect; provided that no Inventory located in Canada shall be Eligible Inventory until Agent shall have notified Borrower in writing that appropriate security interest filings have been made in Canada on behalf of Agent, for the benefit of the Banks.~~

~~"Maximum Revolving Amount" shall mean the sum of (a) the Borrowing Base, plus (b) the Total Overline Amount.~~

~~"Revolving Credit Commitment" shall mean the obligation hereunder of the Banks, during the Commitment Period, to make Revolving Loans and to participate in the issuance of Letters of Credit, up to an aggregate principal amount outstanding at any time equal to the lesser of (a) the Total Commitment Amount or (b) the Maximum Revolving Amount.~~

~~"Total Commitment Amount" shall mean the principal amount of One Hundred Sixty Million Dollars ($160,000,000) (or such lesser amount as shall be determined pursuant to Section 2.5 hereof).~~

~~2. Additions to Definitions. Article I of the Credit Agreement is hereby amended to add the following new definitions thereto:~~

~~"Acceptable Foreign Account Receivable" shall mean a Foreign Account Receivable (other than an LC Foreign Account Receivable or an Account payable to a Credit Party by an Account Debtor organized in Canada (excluding the province of Quebec)) that is payable by an Account Debtor that is a foreign subsidiary or division of a corporation or other entity organized under the laws of a state of the United States; provided that, for purposes of determining the Borrowing Base, the aggregate amount of all such Acceptable Foreign Accounts Receivables shall be limited to Seven Million Dollars ($7,000,000).~~

~~"Ajax Equipment" shall mean the equipment, listed on Exhibit I hereto, owned by the Ajax Manufacturing Company.~~

~~"Capital Equipment Group Companies" shall mean TOCCO, Inc., The Ajax Manufacturing Company, PMC Industries Corp. and Ajax Tocco Magnethermic Corporation.~~

~~"Consolidated Adjusted Tangible Net Worth" shall mean, at any date, (a) the net book value (after deduction of all applicable reserves and excluding any re appraisal or write up of assets) of the assets (other than patents, goodwill, treasury stock and other intangibles) of Borrower and its Subsidiaries, minus (b) all Indebtedness owed to Borrower or its~~

~~Subsidiaries from their Affiliates, minus (c) Total Liabilities of Borrower and its Subsidiaries, plus (d) Subordinated Indebtedness of Borrower so long as such Indebtedness is in fact Subordinated to the Debt; all of the foregoing as determined on a Consolidated basis and in accordance with GAAP.~~

~~"Credit Party" shall mean each Borrower or Subsidiary that, in each case, is party to any Loan Document.~~

~~"Eligible CEG Account Receivable" shall mean an Eligible Account Receivable owing to a Credit Party that is in the Capital Equipment Group.~~

~~"Eligible CEG Inventory" shall mean Eligible Inventory of a Credit Party that is in the Capital Equipment Group.~~

~~"Eligible Equipment Amount" shall mean sixty-five percent (65%) of the appraised value of the equipment of the Credit Parties, based on the appraisal by Hilco Appraisal Service dated April 25, 2002 (the total appraised value being hereafter referred to as the "Hilco Appraisal"). For convenience of reference, the Hilco Appraisal is Twenty-Four Million Five Hundred Thirty Two Thousand One Hundred Ten Dollars ($24,532,110) and sixty-five percent (65%) of the Hilco Appraisal is Fifteen Million Nine Hundred Forty Five Thousand Eight Hundred Seventy One Dollars ($15,945,871).~~

~~"Eligible Excess Stock" shall mean all Excess Stock of a Credit Party (other than a Company that is in the Capital Equipment Group) in which Agent, for the benefit of the Banks, has a valid and enforceable first security interest, except Excess Stock that is (a) located outside of the United States or Canada, (b) in the possession of a bailee or a third party, (c) damaged, defective, or obsolete, (d) held by any Person on consignment, (e) Non-Moving Stock, or (f) determined by Agent, in its sole discretion, to be unsatisfactory in any respect; provided that no Excess Stock located in Canada shall be Eligible Excess Stock until Agent shall have notified Borrower in writing that appropriate security interest filings have been made in Canada on behalf of Agent, for the benefit of the Banks.~~

~~"Eligible Non-CEG Account Receivable" shall mean an Eligible Account Receivable that is owed to a Credit Party other than a Credit Party that is in the Capital Equipment Group.~~

~~"Eligible Non-CEG Inventory" shall mean Eligible Inventory of a Credit Party other than a Credit Party that is in the Capital Equipment Group.~~

~~"Eligible Real Estate Amount" shall mean seventy-five percent (75%) of the appraised value of certain real estate of the Companies based on the appraisal by Colliers International dated April 28, 1999 (the total appraised value being hereafter referred to as the "Colliers Appraisal"). For convenience of reference, the Colliers Appraisal is Ten Million Five Hundred Thousand Dollars ($10,500,000) and seventy-five percent (75%) of the Colliers Appraisal is Seven Million Eight Hundred Seventy-Five Thousand Dollars ($7,875,000).~~

~~"Excess Stock" shall mean any Inventory (a) with limited historical movement or sale over the past twelve (12) months, and (b) of which the Companies have on hand greater than a two year supply, based upon sales during the previous twelve (12) months.~~

~~"Foreign Account Receivable" shall mean any Account that arises out of contracts with or orders from an Account Debtor that is not a resident of the United States.~~

~~"LC Foreign Account Receivable" shall mean any Foreign Account Receivable supported by an irrevocable letter of credit satisfactory to Agent (as to form, substance and issuer).~~

~~"Non-Moving Stock" shall mean Inventory that is a product that has had no sales for the past twelve (12) months; provided that Non-Moving Stock shall exclude Inventory purchased in preparation for supplying a customer within the next six months.~~

~~"Overline Period" shall mean a period commencing on a date when the Revolving Credit Exposure begins to exceed the Borrowing Base and continues through the day before the next date when the Revolving Credit Exposure no longer exceeds the Borrowing Base.~~

~~"Specified Account Debtors" shall mean Polaris Industries, Inc, International Truck & Engine Corp., General Electric Company, Mack Trucks, Inc., Murray, Inc., Thermo King Corporation and Electrolux Home Products North America, or such other Account Debtors as agreed upon in writing by Borrower, Agent and the Required Banks.~~

~~"Total Liabilities" shall mean the total of all items of Indebtedness or liability that, in accordance with GAAP, would be included in determining total liabilities on the liability side of the balance sheet as of the date of determination.~~

~~"Total Overline Amount" shall mean Ten Million Dollars ($10,000,000).~~

~~3. Deletion of Definitions. Article I of the Credit Agreement is hereby amended to delete therefrom the definitions of "Additional Amount" and "Adjustment Date".~~

~~4. Amendment to Mandatory Payment Provisions. Article II of the Credit Agreement is hereby amended to delete Section 2.7 therefrom and to insert in place thereof the following:~~

~~SECTION 2.7. MANDATORY PAYMENT.~~

~~(a) If, at any time, the Revolving Credit Exposure shall exceed either (i) the amount of the Revolving Credit Commitment or (ii) the maximum amount of the Revolving Credit Commitment available pursuant to Section 2.8(b)(i) hereof, Borrower shall, as promptly as practicable, but in no event later than the next Business Day, prepay an aggregate principal amount of the Loans sufficient to bring the Revolving Credit Exposure within the lesser of (A) the amount of the Revolving Credit Commitment, or (B) the maximum amount of the Revolving Credit Commitment available pursuant to Section 2.8(b)(i) hereof.~~

~~(b) At the end of each Overline Period (which in no event shall be longer than one hundred twenty (120) days), Borrower shall pay an aggregate amount of the Loans sufficient to bring the Revolving Credit Exposure within the amount of the Borrowing Base.~~

~~(c) Any prepayment of a LIBOR Interest Segment pursuant to this Section 2.7 shall be subject to the prepayment fees set forth in Section 2.4 hereof.~~

~~5. Amendment to Fixed Charge Coverage Ratio Condition Provisions. Section 2.8 of the Credit Agreement is hereby amended to delete subsection (c) therefrom and to insert in place thereof the following:~~

~~(c) During the Fixed Charge Condition Period, and notwithstanding anything in this Agreement to the contrary:~~

~~(i) neither Borrower nor any of its Subsidiaries shall make, or commit to make, any Acquisition without the prior written consent of Agent and the Required Banks; provided that pursuant to any such Acquisition, Borrower shall deliver a written certification to Agent, for the benefit of the Banks, by an officer of Borrower confirming that any Indebtedness incurred in connection with such Acquisition is Permitted Indebtedness under the Indenture;~~

~~(ii) the use of proceeds of any Loan or Letter of Credit by Borrower and its Subsidiaries shall be solely for working capital purposes of Borrower and its Subsidiaries; provided, however, that the use of proceeds of any Loan by Borrower and its Subsidiaries may be for capital expenditures of Borrower and its Subsidiaries so long as:~~

~~(A) any such Loan shall constitute Permitted Indebtedness (as defined in the Indenture) pursuant to subpart (v) of the definition of Permitted Indebtedness set forth in the Indenture;~~

~~(B) the aggregate principal amount of all such Loans the proceeds of which are used for capital expenditures in accordance with this subpart shall not exceed (when combined with all other loans and capitalized leases used to finance capital expenditures, so long as such other loans and capital leases are permitted pursuant to Section 5.8(c) hereof) at any time outstanding of five percent (5%) of the tangible Consolidated total assets of Borrower;~~

~~(C) without the prior written consent of Agent and the Required Banks, Borrower and its Subsidiaries shall not make or commit to make Consolidated Capital Expenditures in excess of the amount of (1) during the 2001 fiscal year of Borrower, the lesser of (y) Eighteen Million Five Hundred Thousand Dollars ($18,500,000), or (z) five percent (5%) of the tangible Consolidated total assets of Borrower, (2) during the 2002 fiscal~~

~~year of Borrower, Twenty-Six Million Dollars ($26,000,000), (3) during the 2003 fiscal year of Borrower, the lesser of (y) Eighteen Million Five Hundred Thousand Dollars ($18,500,000), or (z) five percent (5%) of the tangible Consolidated total assets of Borrower, and (4) thereafter such amounts as Borrower, Agent and the Required Banks may agree to in writing (provided that such amount shall be zero until such agreement shall be reached); provided, however, that the aggregate amount of capital expenditures made by Borrower to replace the fixed assets lost due to the fire at the Cicero, Illinois rubber plant shall be excluded from the limitations set forth in this subpart so long as such capital expenditures shall be made solely with and directly from the insurance proceeds received as reimbursement for the loss of fixed assets due to such fire; and~~

~~(D) with respect to the capital asset being purchased with the proceeds of such Loan, within five (5) Business Days after the purchase of such asset, the appropriate Company shall have executed and delivered to Agent, for the benefit of the Banks, such security agreements, UCC financing statements and other documents as Agent, in its discretion, shall require so that Agent shall have, for the benefit of the Banks, a first priority security interest and Lien on such asset;~~

~~(iii) neither Borrower nor any of its Subsidiaries shall make any loan or advance to any Subsidiary of Borrower unless such Subsidiary shall be a Wholly-Owned Subsidiary of Borrower and no Subsidiary of Borrower that shall not be a Wholly Owned Subsidiary of Borrower shall make a loan or advance to Borrower or any of its Subsidiaries; provided, however, that, during the Fixed Charge Condition Period, Borrower may make loans or advances to MP Colinet and MP Colinet may make loans or advances to Borrower so long as (A) the aggregate amount of all such loans and advances shall not exceed One Million Dollars ($1,000,000) at any time and (B) each such loan or advance shall constitute Permitted Indebtedness (as defined in the Indenture); and~~

~~(iv) neither Borrower nor any of its Subsidiaries shall incur any Indebtedness during the Fixed Charge Condition Period other than (A) Indebtedness incurred under this Agreement or the Secured Debt, (B) loans or capital leases made in accordance with subpart (c)(ii) above and Section 5.8(c) hereof, (C) unsecured Indebtedness incurred by MP Colinet under its existing line of credit so long as (1) the aggregate principal amount of all such Indebtedness incurred during the Fixed Charge Condition Period shall not exceed One Million Dollars ($1,000,000), and (2) such Indebtedness shall constitute Permitted Indebtedness (as defined in the Indenture).~~

~~6. Amendment to Add New Provision. Article II of the Credit Agreement is hereby amended to add the following new Section 2.10 thereto:~~

~~Section 2.10. Special Provisions Regarding Use of Overline Amount. The~~

~~Overline Amount shall be available to Borrower on and after September 30, 2002, subject to all of the following conditions:~~

~~(a) Each Overline Period shall be no longer than one hundred twenty (120) days;~~

~~(b) Between any two Overline Periods (no matter what the duration of each such Overline Period), there shall be a period of sixty (60) consecutive days when the Revolving Credit Exposure does not exceed the Borrowing Base at any time;~~

~~(c) On the date of the commencement of each Overline Period, Borrower shall pay to Agent, for the pro rata benefit of the Banks, a usage fee equal to one half percent (1/2%) times the Total Overline Amount; and~~

~~(d) At any time that the Revolving Credit Exposure shall exceed the Borrowing Base, Borrower shall pay to Agent, for the pro rata benefit of the Banks, additional interest at a rate per annum equal to (i) two percent (2%) in excess of the Base Rate from time to time in effect times (ii) the amount by which the Revolving Credit Exposure exceeds the Borrowing Base. Such interest shall be payable on the same dates that interest is otherwise payable under this Agreement.~~

~~7. Amendments to Financial Covenants. Section 5.7 of the Credit Agreement is hereby amended to delete subsections (a), (b), (c), (d) and (e) therefrom and to insert in place thereof, respectively, the following new subsections (a), (b), (c), (d) and (e):~~

~~(a) Interest Coverage Ratio. Borrower shall not suffer or permit, at any time, for the most recently completed four fiscal quarters of~~

Borrower, the ratio of (i) Consolidated Pro Forma EBIT to (ii) Consolidated Pro Forma Interest Expense to be less than (A) for any date prior to June 30, 2002, the ratio as determined in accordance with this Section 5.7(a) as in effect prior to September 30, 2002, (B) 1.20 to 1.00 on June 30, 2003 through September 29, 2003, and (C) 1.60 to 1.00 on September 30, 2003 and thereafter.

(b) Senior Debt Coverage Ratio. Borrower shall not suffer or permit, at any time, for the most recently completed four fiscal quarters of Borrower, the Senior Debt Coverage Ratio to exceed (i) for any date prior to June 30, 2002, the ratio as determined in accordance with this Section 5.7(b) as in effect prior to September 30, 2002, (ii) 3.20 to 1.00 on June 30, 2002 through December 30, 2002, (iii) 2.85 to 1.00 on December 31, 2002 through September 29, 2003, and (iv) 2.15 to 1.00 on September 30, 2003 and thereafter.

(c) Leverage Ratio. Borrower shall not suffer or permit, at any time, for the most recently completed four fiscal quarters of Borrower, the Leverage Ratio to exceed (i) for any date prior to June 30, 2002, the ratio as determined in accordance with this Section 5.7(c) as in effect prior to September 30, 2002, (ii) 6.00 to 1.00 on June 30, 2003 through September 29, 2003, and (iii) 5.25 to 1.00 on September 30, 2003 and thereafter.

(d) Cash Flow Coverage Ratio. Borrower shall not suffer or permit, at any time, for the most recently completed four fiscal quarters of Borrower, the Cash Flow Coverage Ratio to be less than (i) for any date prior to June 30, 2002, the ratio as determined in accordance with this Section 5.7(d) as in effect prior to September 30, 2002, (ii) 1.10 to 1.00 on June 30, 2002 through December 30, 2002, (iii) 1.20 to 1.00 on December 31, 2002 through September 29, 2003, and (iv) 1.40 to 1.00 on September 30, 2003 and thereafter.

(e) Adjusted Tangible Net Worth. Borrower shall not suffer or permit Consolidated Adjusted Tangible Net Worth, at any time, for the most recently completed fiscal quarter of Borrower, to be less than the current minimum amount required, which current minimum amount required shall be the sum of One Hundred Seventy Eight Million Four Hundred Forty One Thousand Dollars ($178,441,000) plus the Increase Amount on December 31, 2002 through March 30, 2003, with such current minimum amount required to be positively increased by an additional Increase Amount on March 31, 2003, and by an additional Increase Amount on the last day of each fiscal quarter thereafter. As used herein, the term "Increase Amount" shall mean an amount equal to (i) sixty-five percent (65%) of the positive Consolidated Net Earnings of Borrower for the fiscal quarter then ended; plus (ii) one hundred percent (100%) of the proceeds of any equity offering by Borrower or any of its Subsidiaries or any debt offering by Borrower or any of its Subsidiaries to the extent converted to equity.

8. Amendment to Add New Covenants. Article V of the Credit Agreement is hereby amended to add the following new Sections 5.27, 5.28 and 5.29 at the end thereto:

Section 5.27. Refinancing of Commitment. On or before April 30, 2003, Borrower shall provide to Agent and the Banks written evidence of a firm commitment of one or more lenders to, on or before June 30, 2003, replace this Agreement and refinance the Debt. In the event that such refinancing does not occur on or before June 30, 2003, then Borrower shall pay, on June 30, 2003, to Agent, for the pro rata benefit of the Banks, a fee in the amount of Three Hundred Fifty Thousand Dollars ($350,000). Such fee shall be in addition to the other fees payable under this Agreement and in addition to any other fees that may be charged by Agent or the Banks in connection with any extended or new credit facility that may be provided by Agent or the Banks, in their sole discretion.

Section 5.28. Landlord Waivers. Borrower shall deliver to Agent, for the benefit of the Banks, within a reasonable time after September 30, 2002, a landlord waiver for every location listed on Exhibit J, provided that, upon request by Borrower, Agent and the Required Banks may consent to waive, with respect to certain locations, the requirement of obtaining a landlord waiver, in their sole discretion.

Section 5.29. Additional Collateral. Promptly after an Event of Default with respect to the financial covenants set forth in Section 5.7 hereof, Borrower shall deliver to Agent, for the benefit of the Banks, such Guaranty of Payment, Security Agreement, Organizational Documents and an opinion of counsel, for each Foreign Subsidiary

organized in Canada, as may be deemed necessary or advisable by Agent.

9. Amendments to Attachments. The Credit Agreement is hereby amended to:

(a) delete Schedule 1 (Banks and Commitments) therefrom and to

~~insert in place thereof a new Schedule 1 in the form of Schedule 1 attached hereto;~~

~~(b) delete Exhibit G-1 (Indenture Certificate) therefrom and to insert in place thereof a new Exhibit G-1 in the form of Exhibit G-1 attached hereto;~~

~~(c) delete Exhibit H (Formula Borrowing Base Certificate) therefrom and to insert in place thereof a new Exhibit H in the form of Exhibit H attached hereto; and~~

~~(d) add Exhibit I (Ajax Equipment) and Exhibit J (Landlord Waivers) thereto in the form of Exhibit I and Exhibit J attached hereto.~~

~~10. Notice of New Subsidiaries. Pursuant to Section 5.21 (Subsidiaries Created, Acquired or Held Subsequent to the Closing Date) of the Credit Agreement, each new Subsidiary is (subject to the exceptions provided in Section 5.21(b)) required, among other things, to execute and deliver to Agent and the Banks such Guaranty of Payment, Security Agreement, Organizational Documents and an opinion of counsel as may be deemed necessary or advisable by Agent. Borrower has notified Agent and the Banks that it has created two new Subsidiaries, Southwest Steel Processing LLC, an Ohio limited liability company ("Southwest"), and Ajax Tocco Magnethermic Corporation, an Ohio corporation ("Ajax Magnetherm"), both of which shall execute the documents required by Section 5.21 of the Credit Agreement.~~

~~11. Consent to Transactions. Borrower has notified Agent and the Banks that Borrower, through its wholly-owned subsidiary Park-Ohio Forged & Machined Products LLC, acquired receivables and inventory of the Kropp Forge Division of TIC United Corp. (the "Kropp Transaction"). The Kropp Transaction occurred pursuant to a bankruptcy court order effective January 8, 2002. Borrower has also notified Agent and the Banks that Borrower, through its newly formed and wholly owned subsidiary Ajax Magnetherm, acquired receivables, inventory, and machinery and equipment from Ajax Magnethermic Corporation (together with the Kropp Transaction, the "Transactions"). Borrower has requested that Agent and the Required Banks consent to the Transactions. Borrower has also requested that, in connection with the purchase and sale of the Ajax Equipment by Southwest, in order to permit Southwest to enter into a sale leaseback with Jackson County, Arkansas (the "Sale-Leaseback"), Agent, on behalf of the Banks, release its first priority security interest in the Ajax Equipment. Agent and the Required Banks hereby consent to the Transactions and the release of such liens on the conditions that Borrower deliver to Agent, for the benefit of the Banks, a compliance certificate executed by an officer of Borrower (a) certifying that each of the Transactions and the Sale-Leaseback were made in full compliance with the Indenture, and (b) identifying the specific Indenture provisions that provide for each Transaction and the Sale-Leaseback.~~

~~12. Closing Deliveries. Concurrently with the execution of this Amendment, Borrower shall:~~

~~(a) cause each Guarantor of Payment to consent and agree to and acknowledge the terms of this Amendment;~~

~~(b) deliver to Agent, for delivery to each Bank, new Revolving Credit Notes in the form of Exhibit A to the Credit Agreement in the amounts specified in Schedule 1 to the Credit Agreement;~~

~~(c) deliver to Agent, for the benefit of the Banks, a Guaranty of Payment and a Security Agreement executed by Southwest, with the appropriate Organizational Documents and authorization documents, in form and substance satisfactory to Agent;~~

~~(d) deliver to Agent, for the benefit of the Banks, a Guaranty of Payment and a Security Agreement executed by Ajax Magnetherm, with the appropriate Organizational Documents and authorization documents, in form and substance satisfactory to Agent;~~

~~(e) deliver to Agent, for the benefit of the Banks, updated Schedules 2, 7.1 and 7.5 to the Credit Agreement, which Agent is authorized by the Banks to accept on behalf of the Banks;~~

~~(f) pay to Agent, for the pro rata benefit of the Banks, an amendment fee of One Hundred Fifty Thousand Dollars ($150,000); and~~

~~(g) pay all legal fees and expenses of Agent in connection with this Amendment and the Loan Documents.~~

~~13. Representations and Warranties. Borrower hereby represents and warrants to Agent and the Banks that (a) Borrower has the legal power and authority to execute and deliver this Amendment, (b) the officers executing this Amendment have been duly authorized to execute and deliver the same and bind Borrower with respect to the provisions hereof, (c) the execution and delivery hereof by Borrower and the performance and observance by Borrower of the provisions hereof do not violate or conflict with the organizational agreements of Borrower or any law applicable to Borrower or result in a breach of any provision of or constitute a default under any other agreement, instrument or~~

document binding upon or enforceable against Borrower, (d) except as waived in this Amendment, no Default or Event of Default exists under the Credit Agreement, nor will any occur immediately after the execution and delivery of this Amendment or by the performance or observance of any provision hereof, (e) Borrower is not aware of any claim or offset against, or defense or counterclaim to, any of Borrower's obligations or liabilities under the Credit Agreement or any Related Writing, and (f) this Amendment constitutes a valid and binding obligation of Borrower in every respect, enforceable in accordance with its terms.

14. Further Representations and Warranties. Borrower hereby represents and warrants to Agent and the Banks as follows:

(a) Since the date when the Fixed Charge Condition Period commenced, no

Indebtedness has been incurred by Borrower or any Subsidiary that has not been Permitted Indebtedness;

(b) As of September 30, 2002, the amount of Indebtedness incurred and outstanding under subpart (viii) of the Permitted Indebtedness definition under the Indenture is Four Million Dollars ($4,000,000);

(c) On the date of this Amendment, five percent (5%) of the tangible Consolidated total assets of Borrower, as computed in accordance with the terms of the Indenture is no less than Twenty-Two Million Dollars ($22,000,000); and

(d) On the date of this Amendment, Borrower is in full compliance with the terms of the Indenture.

15. Waiver. Borrower, by signing below, hereby waives and releases Agent and each of the Banks and their respective directors, officers, employees, attorneys, affiliates and subsidiaries from any and all claims, offsets, defenses and counterclaims of which Borrower is aware, such waiver and release being with full knowledge and understanding of the circumstances and effect thereof and after having consulted legal counsel with respect thereto.

16. References to Credit Agreement. Each reference that is made in the Credit Agreement or any Related Writing to the Credit Agreement shall hereafter be construed as a reference to the Credit Agreement as amended hereby. Except as herein otherwise specifically provided, all provisions of the Credit Agreement shall remain in full force and effect and be unaffected hereby. This Amendment is a Related Writing as defined in the Credit Agreement.

17. Counterparts. This Amendment may be executed in any number of counterparts, by different parties hereto in separate counterparts and by facsimile signature, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

18. Governing Law. The rights and obligations of all parties hereto shall be governed by the laws of the State of Ohio, without regard to principles of conflicts of laws.

[Remainder of page intentionally left blank.]

19. JURY TRIAL WAIVER. BORROWER, AGENT AND EACH OF THE BANKS HEREBY WAIVE, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, AGENT AND THE BANKS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AMENDMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY AGENT'S OR ANY BANK'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG BORROWER, AGENT AND THE BANKS, OR ANY THEREOF.

PARK-OHIO INDUSTRIES, INC.

By: /s/ Ronald J. Cozean
Ronald J. Cozean, Secretary

KEYBANK NATIONAL ASSOCIATION
as Agent and as a Bank

By: /s/ Babette C. Schubert
Babette C. Schubert,
Senior Vice President

THE HUNTINGTON NATIONAL BANK,

~~as Co-Agent and as a Bank~~

~~By: /s/ Jerry L. Kelsheimer~~

~~Name: Jerry L. Kelsheimer~~

~~Title: Executive Vice President~~

~~THE NORTHERN TRUST COMPANY~~

~~By: /s/ David Sullivan~~

~~Name: David Sullivan~~

~~Title: Vice President~~

~~FIFTH THIRD BANK~~

~~By: /s/ Roy C. Lanctot~~

~~Name: Roy C. Lanctot~~

~~Title: Vice President~~

~~GUARANTOR ACKNOWLEDGMENT~~

~~The undersigned consents and agrees to and acknowledges the terms of the foregoing Fifth Amendment Agreement. Each of the undersigned further agrees that the obligations of the undersigned pursuant to the Guaranty of Payment executed by the undersigned shall remain in full force and effect and be unaffected hereby.~~

~~The undersigned hereby waives and releases Agent and the Banks and their respective directors, officers, employees, attorneys, affiliates and subsidiaries from any and all claims, offsets, defenses and counterclaims of which the undersigned is aware, such waiver and release being with full knowledge and understanding of the circumstances and effect thereof and after having consulted legal counsel with respect thereto.~~

~~JURY TRIAL WAIVER. BORROWER, AGENT, EACH BANK AND EACH GUARANTOR HEREBY WAIVE, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, AGENT, THE BANKS OR THE GUARANTORS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AMENDMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY AGENT'S OR ANY BANK'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG BORROWER, AGENT, THE BANKS AND THE GUARANTORS, OR ANY THEREOF.~~

~~ATBD, INC.~~
~~DONEGAL BAY LTD.~~
~~GATEWAY INDUSTRIAL SUPPLY LLC~~
~~GENERAL ALUMINUM MFG. COMPANY (as successor by merger to The Metalloy Corporation)~~
~~INTEGRATED HOLDING COMPANY~~
~~INTEGRATED LOGISTICS SOLUTIONS, INC.~~
~~INTEGRATED LOGISTICS SOLUTIONS LLC (as successor by merger to Columbia Nut & Bolt LLC and Industrial Fasteners LLC)~~
~~INTEGRATED LOGISTICS HOLDING COMPANY~~

~~By: /s/ Ronald J. Cozean~~

~~Ronald J. Cozean~~
~~Secretary of each of the foregoing companies~~

~~PARK AVENUE TRAVEL LTD.~~
~~PARK-OHIO FORGED & MACHINED PRODUCTS LLC~~
~~PARK-OHIO PRODUCTS, INC.~~
~~PHARMACEUTICAL LOGISTICS, INC.~~
~~PHARMACY WHOLESALE LOGISTICS, INC.~~
~~PMC COLINET, INC.~~

~~PMC INDUSTRIES CORP.~~
~~P-O REALTY LLC~~
~~PRECISION MACHINING CONNECTION LLC~~
~~RB&W MANUFACTURING LLC~~
~~SOUTHWEST STEEL PROCESSING LLC~~
~~THE AJAX MANUFACTURING COMPANY~~
~~THE CLANCY BING COMPANY~~
~~TOCCO, INC.~~
~~TRICKERATION, INC.~~

~~By: /s/ Ronald J. Cozean~~
~~Ronald J. Cozean~~
~~Secretary of each of the foregoing companies~~

~~AJAX TOCCO MAGNETHERMIC CORPORATION~~
~~ILS TECHNOLOGY LLC~~

~~By: /s/ Linda Kold~~
~~Linda Kold~~
~~Secretary of each of the foregoing companies~~

~~SCHEDULE 1~~

~~BANKS AND COMMITMENTS~~

BANKING INSTITUTIONS	PERCENTAGE	COMMITMENT AMOUNT	REVOLVING CREDIT COMMITMENT MAXIMUM AMOUNT
~~KeyBank National Association~~	~~41.6670%~~	~~$ 66,667,200~~	~~$ 66,667,200~~
~~Huntington National Bank~~	~~41.667%~~	~~$ 66,667,200~~	~~$ 66,667,200~~
~~The Northern Trust Company~~	~~8.333%~~	~~$ 13,322,800~~	~~$ 13,322,800~~
~~Fifth Third Bank~~	~~8.333%~~	~~$ 13,322,800~~	~~$ 13,322,800~~
	~~100%~~	~~$160,000,000~~	
~~Total Commitment Amount~~			~~$160,000,000~~

~~EXHIBIT G-1~~

~~INDENTURE CERTIFICATE~~

~~[Date]______________________, 20____~~

~~KeyBank National Association, as Agent~~
~~127 Public Square~~
~~Cleveland, Ohio 44114-0616~~

~~Attention: ________________~~

~~Ladies and Gentlemen:~~

~~The undersigned, a duly elected Financial Officer, as defined in the Credit Agreement (as hereinafter defined), or otherwise duly authorized employee of PARK-OHIO INDUSTRIES, INC. ("Borrower"), refers to the Credit and Security Agreement, dated as of December 21, 2000 (as amended and as the same may from time to time be further amended, restated or otherwise modified, the "Credit Agreement", the terms defined therein being used herein as therein defined), among Borrower, the Banks, KeyBank National Association, as Agent, and The Huntington National Bank, as Co-Agent.~~

~~Concurrently herewith, Borrower has submitted a Notice With Respect to Loan pursuant to which Borrower has requested a Loan under the Credit Agreement.~~

~~Pursuant to Section 2.8(b)(ii) of the Credit Agreement, the undersigned hereby certifies that on the proposed date of the Loan both prior to and after giving effect thereto:~~

~~(a) the aggregate principal amount of all Loans outstanding on such date (minus the Certified Acquisition Amount) is less than an amount equal to the greater of (i) Fifty Million Dollars ($50,000,000), or (ii) the sum of (A) forty-five percent (45%) of the book value of accounts receivable of Borrower and its Subsidiaries and (B) twenty five percent (25%) of the book value of the inventory of Borrower and its Subsidiaries;~~

~~(b) the book value of accounts receivable and inventory of Borrower and its Subsidiaries are no less than (i) One Hundred Million Dollars ($100,000,000), with respect to accounts receivable, and (ii) One Hundred Sixty Million Dollars ($160,000,000), with respect to inventory; and~~

~~(c) set forth on Schedule 1 hereto are calculations confirming the amounts and values set forth in subparts (a) and (b) above.~~

~~(d) the use of the proceeds of the Loan are for (Check One):~~

~~_____ working capital purposes only; or~~

~~_____ are for the purchase of capital assets and the requirements of Section 2.8(c)(ii) of the Credit Agreement have been met (and set forth on Schedule 1 hereto are calculations confirming the amounts and values required to be confirmed pursuant to such Section 2.8(c)(ii));~~

~~(e) under the undersigned's supervision, a review of the terms and conditions of the Indenture has been made and, based on such review, as of the date hereof, there is no Default (as defined in the Indenture) or Event of Default (as defined in the Indenture) that exists;~~

~~(e) the representations and warranties contained in each Loan Document are correct as of the date hereof;~~

~~(f) no event has occurred and is continuing that constitutes a Default or Event of Default; and~~

~~(g) the conditions set forth in Section 2.2, Section 2.8 and Article IV of the Credit Agreement have been satisfied.~~

~~Very truly yours,~~

~~PARK OHIO INDUSTRIES, INC.~~

~~By: ___________________________~~
~~Name: _________________________~~
~~Title:~~

~~Schedule 1 to~~
~~Indenture Certificate~~

~~I.~~	~~FOR ALL LOANS~~		
~~A.~~	~~Book Value of Accounts Receivable Greater than (no less than $100,000,000)~~	~~$__________________(1)~~	
~~B.~~	~~Book Value of Inventory (no less than $160,000,000)~~	~~$__________________(2)~~	
~~C.~~	~~45% of Book Value of Accounts Receivable~~		~~$___________________~~
~~D.~~	~~25% of Book Value of Inventory~~		~~$___________________~~
~~E.~~	~~Total of C + D~~		~~$___________________~~
~~F.~~	~~(1) Aggregate amount of Loans outstanding~~	~~$_________________~~	
	~~(2) Minus Certified Acquisition Amount~~	~~$_________________~~	
	~~Total of (1) minus (2)~~	~~$_________________~~	
~~G.~~	~~Total of E minus F (availability)~~		~~$___________________~~

H. Amount of requested Loan $___________________

I. Total of G minus H $___________________

II. FOR LOANS FOR CAPITAL EXPENDITURES

A. Aggregate amount of capital expenditures for fiscal year __________(3) $________________

B. Aggregate amount of loans and capital leases the proceeds of which have been used for capital expenditures $___________________

C. Amount of requested Loan $___________________

D. Total of B + C4 $___________________

(1) An entry of "No less than $100,000,000" is sufficiently specific for this Certificate.

(2) An entry of "No less than $160,000,000" is sufficiently specific for this Certificate.

(3) Must be less than $18,500,000 for 2001, $26,000,000 for 2002 and $18,500,000 for 2003

(4) Must be less than the lesser of (a) for 2001, (i) five percent (5%) of the tangible consolidated total assets or (ii) $18,500,000, (b) for 2002, $26,000,000, and (c) for 2003, (i) five percent (5%) of the tangible consolidated total assets or (ii) $18,500,000.

EXHIBIT H

FORMULA BORROWING BASE CERTIFICATE

Computed as of: ____________________________
(required at each month end)

I, the undersigned, the Chief Financial Officer of Park-Ohio Industries, Inc. ("Borrower"), does hereby certify, pursuant to the Credit and Security Agreement dated as of December 21, 2000, among Borrower, the banks named therein ("Banks") and KeyBank National Association, as agent for the Banks ("Agent"), that the following computations have been made in accordance with the provisions of the Credit Agreement and are true and correct:

(A) Eligible Non CEG Accounts Receivable

(1)	Total Non CEG A/R	$_____________	
(2)	Less: A/R > 90 days Past Due Date [not from Specified Account Debtors]	$_____________	
(3)	Less: Contra A/R	$_____________	
(4)	Less: Affiliate A/R	$_____________	
(5)	Less: Disputed or Insolvent A/R	$_____________	
(6)	Less: Non CEG Foreign A/R	$_____________	
(7)	Plus: Non CEG Acceptable Foreign A/R	$_____________	
(8)	Plus: LC Foreign A/R	$_____________	
(9)	Eligible Non CEG A/R [#1 - (#2 through #6) + #7 + #8]	$_____________	
(10)	Advance Rate	80%	
(11)	QUALIFIED NON-CEG ACCOUNTS RECEIVABLE [#9 x #10]		$______________

(B) Eligible Non CEG Inventory:

(12)	Eligible Non CEG Inventory	$_____________	
(13)	Advance Rate	50%	
(14)	QUALIFIED NON CEG INVENTORY [#12 x #13]		$______________

(C) Eligible CEG Account Receivable and Inventory

(15)	Total CEG A/R	$_____________
(16)	Less: A/R > 90 days Past Due Date [not from Specified Account Debtors]	$_____________
(17)	Less: Contra A/R	$_____________
(18)	Less: Affiliate A/R	$_____________
(19)	Less: Disputed or Insolvent A/R	$_____________
(20)	Less: CEG Foreign A/R	$_____________
(21)	Plus: CEG Acceptable Foreign A/R	$_____________

~~(22) Eligible CEG A/R~~
~~[#15 - (#16 through #20) + #21]~~ ~~$____________~~
~~(23) Advance Rate~~ ~~50%~~
~~(24) CEG A/R [#22 x #23]~~ ~~$____________~~
~~(25) Eligible CEG Inventory*~~ ~~$____________~~
~~(26) Advance Rate [Variable - See Fifth Amendment]~~ ~~[0% to 30%]~~
~~(27) CEG Inventory [#25 x #26]~~ ~~$____________~~
~~(28) CEG A/R & Inventory [#24 + #27]~~ ~~$____________~~
~~(29) CEG QUALIFIED ACCOUNTS & INVENTORY~~
~~[Lesser of $15,000,000 or #28]~~ ~~$______________~~

~~(D) Excess Stock:~~

~~(31) Eligible Excess Stock~~ ~~$____________~~
~~(32) Advance Rate~~ ~~25%~~
~~(33) Excess Stock [#31 x #32]~~ ~~$____________~~
~~(34) QUALIFIED EXCESS STOCK~~

~~[The lesser of $6,250,000 or #33]~~ ~~$______________~~

~~(E) Real Estate: (75% of Colliers Appraisal)~~ ~~$ 7,875,000~~

~~(F) Equipment: (65% of Hilco Appraisal + $7,000,000)~~ ~~$ 22,945,871~~

~~(G) Qualified Amounts~~
~~[#10 + #13 + #30 + #34 + E + F]~~ ~~$______________________________~~

~~(H) Total Revolving Credit Facility Outstandings~~ ~~$______________________________~~

~~(I) BORROWING BASE OVER/UNDER [H - G]~~ ~~$______________________________~~

~~PARK OHIO INDUSTRIES, INC.~~

~~By:___________________________~~
~~Name:_________________________~~
~~Title:________________________~~

~~*The amount of Excess Stock to be deducted from Eligible Inventory of the Capital Equipment Group, for the month stated above, is $___________.~~

~~EXHIBIT I~~

~~AJAX EQUIPMENT~~

~~(1) One (1) International Crankshaft Company 6,000 Ton Bolster Assembley~~

~~(2) One (1) Ajax Manufacturing Company 1,300 Ton Bolster Assembley~~

~~(3) One (1) International Crankshaft Company Center Plate Forge Tooling~~

~~(4) One (1) International Crankshaft Company Center Plate Trim Tooling~~

~~(5) One (1) Interpower Inc. 2,500 kW Induction Heater, Serial No. E1971~~

~~(6) One (1) Tocco Inc. 600 kW Induction Hardener~~

~~(7) One (1) FECCO Material Handling System~~

~~(8) One (1) Gray Planer Mill~~

~~(9) One (1) Monarch Sydney Vertical Turning Lathe~~

~~(10) One (1) Horizontal Mill~~

~~(11) One (1) Pangborn Roto Blast Barrel~~

~~(12) One (1) EMH 25 Ton Overhead Crane~~

~~(13) One (1) Dry Cooler Tower Cooling Water System~~

~~(14) One (1) Ajax Manufacturing 6,000 Ton Design B Mechanical Forging Press~~

~~(15) One (1) Ajax Manufacturing Hydraulic Wedge Packing for Tooling Shut Height Adjustment~~

~~(16) One (1) Ajax Manufacturing 1,300 Ton mechanical Forging Press~~

~~EXHIBIT J~~

~~LANDLORD WAIVERS~~

~~(See attached)~~

~~24~~

~~LANDLORD WAIVER STATUS ILS IN US ONLY~~

LANDLORD NAME & ADDRESS	TENANT	LEASED PREMISES	9/30/02 NET INVENTORY VALUE
~~Warne West Investments~~ ~~3737 East Broadway Road, Suite B~~ ~~Phoenix, AZ 85040~~	~~RB&W~~	~~3717 East Broadway Road, Suite 1~~ ~~Phoenix, AZ 85040~~	~~1,139,000~~
~~Dukes Weeks Realty Corp.~~ ~~4497 Park Drive~~ ~~Norcross, GA 30093~~	~~Arden~~	~~225 Horizon Drive, Suite A~~ ~~Suwanee, GA 30024~~	~~3,684,000~~
~~Lenexa Investment Co.~~ ~~c/o B.A. Karbank & Co.~~ ~~1200 Main Street, Suite 3910~~ ~~Kansas City, MO 64105-2107~~	~~RB&W~~	~~11711 West 85th Street~~ ~~Lenexa, KS 66215~~	~~4,000~~
~~George H. Pearson, Trustee~~ ~~George H. Pearson Living Trust~~ ~~2542 Plumthicket~~ ~~Wichita, KS 67226~~	~~RB&W~~	~~8515 Hesston Road~~ ~~Hesston, KS 67067~~	~~3,000~~
~~KF Partnership~~ ~~c/o Progress West Corporation~~ ~~10180 "L" Street~~ ~~Omaha, NE 68127~~	~~RB&W~~	~~7732 S. 133rd Street~~ ~~Suites 106-109~~ ~~Omaha, NE 68138~~	~~1,651,000~~
~~Allegheny Valve Company~~ ~~419 Third Avenue~~ ~~Warren, PA 16365~~	~~RB&W~~	~~797 Allen Street Ext.~~ ~~Jamestown, NY 14702~~	~~253,000~~
~~Gallina Development Corporation~~ ~~84 Humboldt Street~~ ~~Rochester, NY 14609~~	~~RB&W~~	~~20 Vantage Point Drive, Suite 1~~ ~~Rochester, NY 14624~~	~~2,360,000~~
~~Pine Brook Center Limited Partnership~~ ~~c/o Childress Klein Properties~~ ~~2800 One First Union Center~~ ~~Charlotte, NC 28202-6021~~	~~RB&W~~	~~Brookwood Industrial Park~~ ~~1327-S Woodbranch Drive~~ ~~Charlotte, NC 28273~~	~~2,614,000~~
~~All U.S. Incorporated~~ ~~Attn: Ken Singh~~ ~~2701 Indianola Avenue~~ ~~Columbus, OH 43202~~	~~RB&W~~	~~590 Claycraft Road~~ ~~Columbus, OH 43230~~	~~2,289,000~~
~~Mid States Dev. Co.~~ ~~c/o Miller-Valentine Group~~ ~~P.O. Box 744~~ ~~Dayton, OH 45401-0744~~	~~RB&W~~	~~6675 Homestretch Drive~~ ~~Dayton, OH 45414~~	~~14,731,000~~
~~Kansas City Life Insurance Company~~ ~~P.O. Box 411587~~ ~~Kansas City, MO 64141-1587~~	~~RB&W~~	~~11505 East Pine Street~~ ~~Tulsa, OK 74116~~	~~3,193,000~~
~~Westpark Acquisition Company, Inc.~~ ~~P.O. Box 31540~~ ~~Hartford, CT 06150-1540~~	~~RB&W~~	~~7520 Morris Court, Suite 110~~ ~~Allentown, PA 18106~~	~~3,656,000~~
~~Whipple-Allen Realty~~ ~~2415 Pittsburgh Avenue~~ ~~Erie, PA 16502~~	~~RB&W~~	~~2651 West 16th Street~~ ~~Erie, PA 16505~~	~~1,055,000~~
~~Belz Investco L.P.~~ ~~c/o Belz Enterprises~~ ~~Attn: Ronald A. Belz~~ ~~530 Oak Court Drive, Suite 300~~ ~~Memphis, TN 38117~~	~~RB&W~~	~~4905 Southridge Blvd., Suite 20~~ ~~Memphis, TN 38141~~	~~1,358,000~~

~~LANDLORD WAIVER STATUS ILS IN US ONLY~~

LANDLORD NAME & ADDRESS	TENANT	LEASED PREMISES	9/30/02 NET INVENTORY VALUE
~~Thomas R. Howell~~ ~~Howell Family Partnership~~ ~~612 Woodland Avenue~~ ~~El Paso, TX 79922~~	~~RB&W~~	~~960 Tony Lama Street~~ ~~El Paso, TX 79915~~	~~494,000~~
~~The RREEF Funds~~ ~~Attn: Michelle H. Wilkins~~ ~~1406 Halsey Way, Suite 110~~ ~~Carrolton, TX 75007~~	~~RB&W~~	~~2700 112th Street, Suite 200~~ ~~Grand Prairie, TX 75050~~	~~4,020,000~~
~~Fisher Properties, Inc.~~ ~~One Union Square, Suite 1525~~ ~~Seattle, WA 98101~~	~~RB&W~~	~~8041 South 224th Street, Bldg. F~~ ~~Kent, WA 98032~~	~~1,682,000~~
~~Polo Club Business Campus, LLC~~ ~~c/o First American Management, Inc.~~ ~~1156A W. Shore Drive~~ ~~Arlington Hts., IL 60004~~	~~Arden~~	~~260 Windy Point Dr.~~ ~~Glendale Hts., IL 60139~~	~~1,749,000~~
~~Green & Little~~ ~~P.O. Box 8037~~ ~~Gallatin, TN 37066-8037~~	~~Arden~~	~~1260 Hail Quaker Blvd.~~ ~~Lavernge, TN 37086~~	~~4,044,000~~
~~Petersen Properties, LC~~ ~~River Cities Industrial Center~~ ~~200 E. 90th Street~~ ~~Davenport, IA 52806 and~~ ~~River Cities Management, LLC~~ ~~River Cities Industrial Center~~ ~~200 E. 90th Street~~ ~~Davenport, IA 52806~~	~~Arden~~	~~226 E. 90th Street W~~ ~~Davenport, IA 52806~~	~~1,825,000~~
~~Wellington III Associates~~ ~~Attn: Larry Carlson, General Partner~~ ~~418 West Horseshoe Drive~~ ~~Shoreview, MN 55126~~	~~Arden~~	~~200 S. Owasso Blvd.~~ ~~St. Paul, MN 55117~~	~~10,586,000~~
~~Peter Tucci & Judith Tucci~~ ~~127 Summit Avenue~~ ~~Hackensack, NJ 07601~~	~~Columbia Nut & Bolt~~	~~50 Graphic Place~~ ~~Moonachie, NJ 07074~~	~~1,406,000~~
~~Ron Watterson~~ ~~FAX (724) 745-8060~~	~~GIS Industries, Inc.~~ ~~(Charken Corp.)~~	~~400 Commerce Blvd.~~ ~~Lawrence, PA 15055~~	~~4,245,000~~
~~Jim Watterson~~ ~~FAX (216) 883-2746~~	~~GIS Industries, Inc.~~ ~~(Charken Corp.)~~	~~400 Commerce Blvd.~~ ~~Lawrence, PA 15055~~	
~~Hercules Incorporated~~ ~~Attn: L.R. Silman~~ ~~P.O. Box 567~~ ~~West Elizabeth, PA 15088~~	~~GIS Industries, Inc.~~ ~~(Charken Corp.)~~	~~c/o USX Clairton WKS~~ ~~65 Maple Avenue~~ ~~Clairton, PA 15025~~	~~0~~
~~Hercules Incorporated~~ ~~Corporate Real Estate~~ ~~1313 Market Street~~ ~~Wilmington, DE 19894-0001~~	~~GIS Industries, Inc.~~ ~~(Charken Corp.)~~	~~c/o USX Clairton WKS~~ ~~65 Maple Avenue~~ ~~Clairton, PA 15025~~	~~0~~
~~Harry E. Hendershot &~~ ~~Colletta S. Hendershot~~ ~~176 Thorton Dr.~~ ~~McConnellsburg, PA 17233~~	~~GIS Industries, Inc.~~ ~~(Charken Corp.)~~	~~192 Thorton Road~~ ~~McConnellsburg, PA 17233~~	~~647,000~~

~~LANDLORD WAIVER STATUS ILS IN US ONLY~~

LANDLORD NAME & ADDRESS	TENANT	LEASED PREMISES	9/30/02 NET INVENTORY VALUE
Richard E. Turner 6 Hawthorne Avenue Lakewood, NY 14750	GIS Industries, Inc. (Charken Corp.)	2163 Allen Street Ext. Jamestown, NY 14733	
Reckson FS Limited Partnership Attn: V.P. & Legal Counsel/Real Estate 225 Broadhollow Road Suite 212 West Melville, NY 11747	Industrial Fasteners	135 Fell Court Hauppauge, NY 11788	0
James C. Watterson, Robert C. Watterson, Ronald K. Watterson and Bryan K. Watterson P.O. Box 13052 Pittsburgh, PA 15243	GIS Industries, Inc. (Charken Corp.)	American Fastener 5900 Park Avenue Cleveland, OH 44105	597,000
Ft. Motte Partners, LLC P.O. Box 321 Orangeburg, SC 29116	Arden	201 Regional Parkway, Bldg. D Orangeburg, SC 29118	3,073,000
PAR Enterprises c/o Larry Allen 4042 Bow Street Cleveland, TN 37312	RB&W	2015 King Edward Avenue, S.E. Cleveland, TN 37311	624,000
Mineola Realty Associates The Windsor Building 80 Windsor Avenue Mineola, NY 11501	Industrial Fasteners	New Hyde Park, NY Old IFC HQ.	0
Mr. Joseph Spaulding Spaulding Construction 360 W. Lemon Lane Casselberry, FL 32718	RB&W	5290 Tower Way Sanford, FL 32773	714,000
Keystone Realty, LTD. 202 West Berry Street Suite 800 Ft. Wayne, IN 46802	RB&W	5440 Keystone drive Building # 9 Ft. Wayne, IN 46825	3,067,000
Hallwood 95, L.P. C/O Hallwood Commercial Real Estate 5625 Naiman Parkway Unit F Solon, OH 44139	RB&W Freegate	5370 Naiman Parkway Unit A Solon, OH 44139	5,133,000
Flexalloy Inc. 555 Mondial Parkway Streetsboro, OH 44241	RB&W	800 Interchange Blvd. Suite 101 Austin, TX 78721 *****Subleased*****	3,899,000
	RB&W	Ontario, CA	917,000
	RB&W	(Near) Santa Clara, CA	839,000
	RB&W	2 Puerto Rico leased customer facilities	1,400,000
	GIS	2 Puerto Rico leased customer facilities	646,000
	IFC	Puerto Rico 3rd Party Warehouse	49,000
		TOTAL ILS ONLY	$89,646,000

LANDLORD WAIVER STATUS ILS IN US ONLY

LANDLORD NAME & ADDRESS	TENANT	LEASED PREMISES	9/30/02 NET INVENTORY VALUE Sept 30, 2002
Robin Industries 1265 West 65th Street Cleveland, OH 44102	Geneva Rubber Division Park-Ohio Industries, Inc.	5449 Bishop Road Geneva, OH 44041	1,627,983
Rock Hill Limited Partnership 1806 S. Hanley St. Louis, MO 63144	Park Ohio Forged & Machined Products LLC	6900 North Broadway St. Louis, MO 63147	2,491,214
The Lamson & Sessions Company 25701 Science Park Drive Cleveland, OH 44122	RB&W Manufacturing LLC	800 Mogadore Road Kent, OH 44240	3,240,033
Lumpkin Development 100 Metro Parkway Pelham, AL 35124	Ajax Tocco Magnethermic Corporation	103 Longview Circle Alabaster, AL 35007	25,914
Kern Enterprises 44044 Merrill Street Sterling Heights, MI 48314	Ajax Tocco Magnethermic Corporation	32350 Howard Avenue Madison Heights, MI 48071	20,951
Edward F. Crawford 23000 Euclid Avenue Cleveland, OH 44117	General Aluminum Mfg. Company	1500 Chamberlain Boulevard & other parcels Conneaut, OH 44030	2,687,000
Mary Crawford 23000 Euclid Avenue Cleveland, OH 44117	General Aluminum Mfg. Company	500 Madison Avenue Conneaut, OH 44030	0
EFC Properties, Inc. 23000 Euclid Avenue Cleveland, OH 44117	General Aluminum Mfg. Company	1345 Henry Street Huntington, IN 46750	861,000
Plainview Terminal Company #200 5300 Broken Sound Boulevard Boca Raton, FL 33487	ILS Technology LLC	9300 Broken Sound Boulevard, No. 150 Boca Raton, FL 33487	0
Premiere Business Solutions Inc. 10925 David Taylor Boulevard #100 Charlotte, NC 28262	ILS Technology LLC	10925 David Taylor Drive, No. 100 Charlotte, NC 28262	0
Trammell Crow Company 1375 East Woodfield Road Suite 750 Schamburg, IL 60173	Park-Ohio Products, Inc.	5130 N. Pearl Street Schiller Park, IL 60176	89,094
Matthew V. Crawford 23000 Euclid Avenue Cleveland, OH 44117	Park-Ohio Products, Inc.	7000 Denison Ave Cleveland, OH 44102	0
Arkansas Steel Associates LLC 2803 Van Dyke Road Newport, AR 72112	Southwest Steel Processing LLC	2801 Van Dyke Road Newport, AR 72112	0
Western Select Properties L.P. 2525 North Shadeland Avenue Indianapolis, IN 46219	TOCCO, Inc.	2525 North Shadeland Avenue Indianapolis, IN 46219	128,844
First Industrial Financing Partnership L.P. 150 North Wacker Drive, #150 Chicago, IL 60606	TOCCO, Inc.	30100 Stephenson Highway Madison Heights, MI 48071	1,537,454
Van Hook Family Ltd Partnership 3001 Van Hook Drive York, SC 29745	TOCCO, Inc.	1140 Memorial Park Road Lancaster, SC 29720	0
		TOTAL NON ILS ONLY	$ 12,709,487
		PKOH GRAND TOTAL	$102,355,487

EX-15
4
196687aexv15.txt
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 November 11, 2002 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 September 30, 2002.

REGISTRATION STATEMENT	DESCRIPTION	SHARES REGISTERED
Form S-8 (33-01047)	Individual Account Retirement Plan	1,500,000
Form S-8 (333-58161)	1998 Long Term Incentive Plan	550,000

/s/ Ernst & Young LLP

Cleveland, Ohio
November 13, 2002

EX-99
5
l96687aexv99.txt
EXHIBIT 99

EXHIBIT 99

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Park-Ohio Holdings Corp. (the "Company") on Form 10-Q for the period ended September 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to sec. 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: November 13, 2002

By /s/ EDWARD F. CRAWFORD

Name: Edward F. Crawford
Title: Chairman, Chief Executive Officer and President

By /s/ RICHARD P. ELLIOTT

Name: Richard P. Elliott
Title: Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. sec. 1350 and is not being filed as part of the Report or as a separate disclosure document.