

CORE MOLDING TECHNOLOGIES INC

Form 10-K

April 07, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2009**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 001-12505  
CORE MOLDING TECHNOLOGIES, INC.  
(Exact name of registrant as specified in its charter)**

Delaware 31-1481870  
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)  
organization)

800 Manor Park Drive, Columbus, Ohio 43228 - 0183  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (614) 870-5000  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01	NYSE Amex
Securities registered pursuant to Section 12(g) of the Act:	
None	
(Title of class)	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting

company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting  
company

(Do not check if a smaller  
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No   
As of June 30, 2009, the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant was approximately \$13,731,341, based upon the closing sale price of \$2.24 on the NYSE Amex on June 30, 2009, the last business day of registrant's most recently completed second fiscal quarter. As of the close of business on March 31, 2010, the number of shares of registrant's common stock outstanding was 6,987,086.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's 2010 definitive Proxy Statement to be filed with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year are incorporated herein by reference in Part III of this Form 10-K.

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**PART I**

**ITEM 1. BUSINESS**

**HISTORICAL DEVELOPMENT OF BUSINESS OF CORE MOLDING TECHNOLOGIES, INC.**

In 1996, RYMAC Mortgage Investment Corporation ( RYMAC ) incorporated Core Molding Technologies, Inc. ( Core Molding Technologies or the Company ), formerly known as Core Materials Corporation before changing its name on August 28, 2002, for the purpose of acquiring the Columbus Plastics unit of Navistar, Inc. ( Navistar ), formerly known as International Truck & Engine Corporation. On December 31, 1996, RYMAC merged with the Company with the result being that the Company was the surviving entity. Immediately after the merger, the Company acquired substantially all the assets and liabilities of the Columbus Plastics unit from Navistar in return for a secured note, which has been repaid, and 4,264,000 shares of newly issued common stock of the Company. On July 18, 2007, the Company entered into a stock repurchase agreement with Navistar, pursuant to which the Company repurchased 3,600,000 shares of the Company s common stock, from Navistar. Navistar currently owns 664,000 shares (9.8%) of the outstanding stock of the Company.

In the first quarter of 1998, the Company opened a second compression molding plant located in Gaffney, South Carolina as part of the Company s growth strategy to expand its customer base. This facility provided the Company with additional capacity and a strategic geographic location to serve both current and prospective customers.

In October 2001, the Company incorporated Core Composites Corporation as a wholly owned subsidiary under the laws of the State of Delaware. This entity was established for the purpose of holding and establishing operations for Airshield Corporation s assets, which the Company acquired on October 16, 2001 ( the Airshield Asset Acquisition ) as part of the Company s diversified growth strategy. Airshield Corporation was a privately held manufacturer and marketer of fiberglass reinforced plastic parts primarily for the truck and automotive aftermarket industries. The Company purchased substantially all the assets of Airshield Corporation through the United States Bankruptcy Court as Airshield Corporation had been operating under Chapter 11 bankruptcy protection since March 2001.

In conjunction with establishment of operations for the assets acquired in the Airshield Asset Acquisition, the Company established a Mexican subsidiary and leased a production facility in Mexico. In October 2001, the Company (5% owner) and Core Composites Corporation (95% owner) incorporated Corecomposites de Mexico, S. de R.L. de C.V. ( Corecomposites ) in Matamoros, Mexico. Corecomposites was organized to operate under a maquiladora program whereby substantially all products produced are exported back to Core Composites Corporation which sells such product to United States based external customers. In June of 2009, the Company completed construction and took occupancy of a new 437,000 square foot production facility in Matamoros, Mexico that replaced its leased facility.

In September 2004, the Company formed Core Automotive Technologies, LLC ( Core Automotive ), a Delaware limited liability company and wholly owned subsidiary of the Company. This entity was formed for the purpose of establishing operations and holding assets acquired from Keystone Restyling, Inc., which the Company acquired as part of its diversified growth strategy in September, 2004. Keystone Restyling, Inc. was a privately held manufacturer and marketer of fiberglass reinforced plastic parts primarily for the automotive and light truck aftermarket industries. The Company s facility in Matamoros, Mexico provides manufacturing services for Core Automotive Technologies. In August 2005, the Company formed Core Composites Cincinnati, LLC ( Core Composites Cincinnati ), a Delaware limited liability company and wholly owned subsidiary of the Company. This entity was formed for the purpose of establishing operations and holding assets acquired from the Cincinnati Fiberglass Division of Diversified Glass Inc., which the Company acquired in August, 2005. The Cincinnati Fiberglass Division of Diversified Glass, Inc. was a privately held manufacturer and distributor of fiberglass reinforced plastic components supplied primarily to the heavy-duty truck market. As a result of this acquisition, the Company leases a manufacturing facility in Batavia, Ohio.

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**DESCRIPTION OF BUSINESS OF CORE MOLDING TECHNOLOGIES, INC.**

*Certain statements under this caption of this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Such forward-looking statements involve known and unknown risks and are subject to uncertainties and factors relating to Core Molding Technologies operations and business environment, all of which are difficult to predict and many of which are beyond Core Molding Technologies control. These uncertainties and factors could cause Core Molding Technologies actual results to differ materially from those matters expressed in or implied by such forward-looking statements. Core Molding Technologies believes that the following factors, among others, could affect its future performance and cause actual results to differ materially from those expressed or implied by forward-looking statements made in this report: business conditions in the plastics, transportation, watercraft and commercial product industries; federal and state regulations (including engine emission regulations); general economic, social and political environments in the countries in which Core Molding Technologies operates; dependence upon two major customers as the primary source of Core Molding Technologies sales revenues; recent efforts of Core Molding Technologies to expand its customer base; the actions of competitors, customers, and suppliers; failure of Core Molding Technologies suppliers to perform their obligations; the availability of raw materials; inflationary pressures; new technologies; regulatory matters; labor relations; the loss or inability of Core Molding Technologies to attract and retain key personnel; federal, state and local environmental laws and regulations; the availability of capital; the ability of Core Molding Technologies to provide on-time delivery to customers, which may require additional shipping expenses to ensure on-time delivery or otherwise result in late fees; risk of cancellation or rescheduling of orders; risks related to the transfer of production from Core Molding Technologies Columbus facility to its Matamoros facility; management's decision to pursue new products or businesses which involve additional costs, risks or capital expenditures; and other risks identified from time-to-time in Core Molding Technologies other public documents on file with the Securities and Exchange Commission, including those described in Item 1A of this Annual Report on Form 10-K.*

Core Molding Technologies and its subsidiaries operate in the plastics market in a family of products known as reinforced plastics. Reinforced plastics are combinations of resins and reinforcing fibers (typically glass or carbon) that are molded to shape. Core Molding Technologies operates four production facilities in Columbus, Ohio; Batavia, Ohio; Gaffney, South Carolina; and Matamoros, Mexico. The Columbus and Gaffney facilities produce reinforced plastics by compression molding sheet molding compound ( SMC ) in a closed mold process. The Batavia facility produces reinforced plastic products by a robotic spray-up open mold process and resin transfer molding ( RTM ) closed mold process utilizing multiple insert tooling ( MIT ). The Matamoros facility also utilizes spray-up and hand lay-up open mold processes as well as RTM and SMC closed mold processes to produce reinforced plastic products. Reinforced plastics compete largely against metals and have the strength to function well during prolonged use. Management believes that reinforced plastic components offer many advantages over metals, including:

- heat resistance
- corrosion resistance
- lighter weight
- lower cost
- greater flexibility in product design
- part consolidation for multiple piece assemblies
- lower initial tooling costs for lower volume applications
- high strength-to-weight ratio
- dent-resistance in comparison to steel or aluminum.

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The largest markets for reinforced plastics are transportation (automotive and truck), construction, marine, and industrial applications. The Company currently has four manufacturing facilities producing reinforced plastic products. Our manufacturing facilities utilize various production processes; however, end products are similar and are not unique to a facility or customer base. Operating decision makers (officers of the Company) are headquartered in Columbus, Ohio and oversee all manufacturing operations for all products as well as oversee customer relationships with all customers. The Company's two major customers are Navistar and PACCAR, Inc. ( PACCAR ), which are supplied reinforced plastic products for medium and heavy-duty trucks. The Company also supplies reinforced plastic products to other truck manufacturers, to automotive suppliers, to manufacturers of personal watercraft and other commercial products, and to wholesale distributors and other end users of automotive aftermarket products. In general, product growth and diversification are achieved in several different ways: (1) resourcing of existing reinforced plastic product from another supplier by an original equipment manufacturer ( OEM ); (2) obtaining new reinforced plastic products through a selection process in which an OEM solicits bids; (3) successful marketing of reinforced plastic products for previously non-reinforced plastic applications; (4) successful marketing of reinforced plastic products for the automotive and light truck aftermarket, and (5) acquiring an existing business. The Company's efforts continue to be directed towards all five areas.

### **MAJOR COMPETITORS**

The Company believes that it is one of the four largest compounders and molders of reinforced plastics using the SMC, spray-up, hand-lay-up, VRIM, and MIT molding processes in the United States. The Company faces competition from a number of other molders including, most significantly, Decoma Composites (an operating unit of Magna International), Molded Fiber Glass Companies, Continental Structural Plastics, Sigma Industries and Premix. The Company believes that it is well positioned to compete based primarily on manufacturing capability and location, product quality, engineering capability, cost, and delivery. However, the industry remains highly competitive and some of the Company's competitors have greater financial resources, research and development facilities, design engineering, manufacturing, and marketing capabilities.

### **MAJOR CUSTOMERS**

The Company currently has two major customers, Navistar and PACCAR. Major customers are defined as customers whose current year sales individually consist of more than ten percent of total sales. The loss of a significant portion of sales to Navistar or PACCAR would have a material adverse effect on the business of the Company.

#### **Relationship with Navistar**

The Company entered into a new Comprehensive Supply Agreement, effective as of June 24, 2008. On January 28, 2010, the Company entered into a First Addendum to the Comprehensive Supply Agreement, agreeing to shift production of certain products from the Company's Columbus, Ohio facility to its Matamoros, Mexico facility, in order to meet the needs of Navistar as a result of its relocation of certain production to its Escobedo, Mexico assembly plant. Under this Comprehensive Supply Agreement, as amended, the Company continues to be the primary supplier of Navistar's original equipment and service requirements for fiberglass reinforced parts, as long as the Company remains competitive in cost, quality and delivery, through October 31, 2013.

The Company makes products for Navistar's Chatham (Canada) assembly plant, its Springfield, Ohio assembly plant, its Garland, Texas assembly facility, its bus facility in Tulsa, Oklahoma and its Escobedo, Mexico assembly facility. The Company works closely on new product development with Navistar's engineering and research personnel at Navistar's Fort Wayne, Indiana Technical Center. Some of the products sold to Navistar include hoods, roofs, air deflectors, air fairings, fenders, splash panels, and other components.

The North American truck market in which Navistar competes is highly competitive and the demand for heavy and medium duty trucks is subject to considerable volatility as it moves in response to cycles in the overall business environment and is particularly sensitive to the industrial sector, which generates a significant portion of the freight tonnage hauled. Truck demand also depends on general economic conditions, among other factors. Sales to Navistar amounted to approximately 54%, 57%, and 44%, of total sales for 2009, 2008, and 2007, respectively.

#### **Relationship with PACCAR**

In April 2007, the Company entered into a Supply Agreement with PACCAR to supply certain fiberglass reinforced products. The supply agreement will expire on June 30, 2010 unless extended by the parties.

The Company makes products for PACCAR's Chillicothe, Ohio, Denton, Texas, Renton, Washington, St. Therese (Canada), and Mexicali, Mexico assembly facilities. The Company also works closely on new product development with PACCAR's engineering and research personnel. Some of the products sold to PACCAR include hoods, roofs, back panels, air deflectors, air fairings, fenders, splash panels, and other components.

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The North American truck market in which PACCAR competes is highly competitive and the demand for trucks is subject to considerable volatility as it moves in response to cycles in the overall business environment and is particularly sensitive to the industrial sector, which generates a significant portion of the freight tonnage hauled. Truck demand also depends on general economic conditions, among other factors. Sales to PACCAR amounted to approximately 29%, 26%, and 33% of total sales for 2009, 2008, and 2007, respectively.

**OTHER CUSTOMERS**

The Company also produces products for other truck manufacturers, the marine industry, commercial product industries, automotive aftermarket industries, and various other customers. Sales to these customers individually were all less than 10% of total annual sales. Sales to each of these customers amounted to approximately 17%, 17% and 23% of total sales for 2009, 2008 and 2007 respectively.

**EXPORT SALES**

The Company provides products to some of its customers that have manufacturing and service locations in Canada and Mexico. Export sales, which are denominated in United States dollars, were approximately \$7,059,000, \$15,603,000, and \$18,509,000, for the years ended 2009, 2008, and 2007, respectively. These export sales dollars represent approximately 8%, 13%, and 15%, of total sales for 2009, 2008, and 2007, respectively.

**FOREIGN OPERATIONS**

As a result of the Airshield Asset Acquisition, the Company began importing products into the United States, as many products produced in the Company's Mexican facility are sold to customers in the United States. Import sales, which are denominated in United States dollars, were approximately \$16,442,000, \$14,492,000 and \$18,329,000, for the years ended 2009, 2008 and 2007 respectively. The sales of products imported were approximately 20%, 12%, and 15%, of total sales in 2009, 2008, and 2007, respectively. The increase in import sales in 2009 is a result of product transfers from the Company's Columbus facility to its Matamoros Mexico facility.

The Company owns long-lived assets totaling \$20,779,000 at December 31, 2009 that are located in Mexico, of which \$14,405,000 is the Company's new manufacturing facility in Mexico.

**PRODUCTS****SMC Compound**

SMC compound is a combination of resins, fiberglass, catalysts, and fillers compounded and cured in sheet form. The sheet is then used to manufacture compression-molded products, as discussed below, and on a limited basis sold to other molders.

The Company incorporates a sophisticated computer program that assists in the compounding of various complex SMC formulations tailored to customer needs. The system provides for the following:

- Control information during various production processes; and
- Data for statistical batch controls.

The Company has the capacity to manufacture approximately 48 million pounds of SMC sheet material annually. The following table shows production of SMC for 2009, 2008, and 2007.

Year	SMC Pounds Produced (Millions)
2009	14
2008	22
2007	22

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**Glass Mat Thermoplastic ( GMT )**

GMT compound is a combination of glass and thermoplastic resins purchased in the form of a sheet. The GMT compound is heated just prior to being used to manufacture compression-molded products.

**Closed Molded Products**

The Company manufactures reinforced plastic products using both compression molding and vacuum resin infusion molding process methods of closed molding.

**Compression Molding** Compression molding is a process whereby SMC or GMT is molded to form by matched die steel molds through which a combination of heat and pressure are applied via a molding press. This process produces high quality, dimensionally consistent products. This process is typically used for higher volume products, which is necessary to justify the customers investment in molds.

As of December 31, 2009, the Company owns 18 compression-molding presses in its Columbus, Ohio plant, which range in size from 500 to 4,500 tons. The Company also owns six presses and leases one press in its Gaffney, South Carolina plant, which range in size from 1,000 to 3,000 tons and owns five presses in its Matamoros, Mexico manufacturing facility ranging from 500 to 2,500 tons.

Large platen, high tonnage presses (greater than 2,000 tons) provide the ability to compression mold very large SMC parts. The Company believes that it possesses a significant portion of the large platen, high tonnage molding capacity in the industry.

To enhance the surface quality and paint finish of products, the Company uses both in-mold coating and vacuum molding processes. In-mold coating is a manufacturing process performed by injecting a liquid over the molded part surface and then applying pressure at elevated temperatures during an extended molding cycle. The liquid coating serves to fill and/or bridge surface porosity as well as provide a barrier against solvent penetration during subsequent top-coating operations. Likewise, vacuum molding is the removal of air during the molding cycle for the purpose of reducing the amount of surface porosity. The Company believes that it is among the industry leaders in in-mold coating and vacuum molding applications, based on the size and complexity of parts molded.

**Resin Transfer Molding ( RTM )** This process employs two molds, typically a core and a cavity, similar to matched die molding. The composite is produced by placing glass mat, chopped strand, or continuous strand fiberglass in the mold cavity in the desired pattern. Parts that would be used for cosmetic purposes in their end use would typically have a gel coat applied to the mold surface. The core mold is then fitted to the cavity, and upon a satisfactory seal, a vacuum is applied. When the proper vacuum is achieved, the resin is injected into the mold to fill the part. Finally, the part is allowed to cure, and then it is removed from the mold and trimmed to shape. Fiberglass reinforced products produced from the RTM process exhibit a high quality surface on both sides of the part and excellent part thickness. Multiple insert tooling ( MIT ) technique can be utilized in the RTM process to improve throughput based upon volume requirements.

**Open Molded Products**

The Company produces reinforced plastic products using both the spray-up and hand-lay-up methods of open molding.

**Hand-Lay-Up** This process utilizes a shell mold, typically the cavity, where glass cloth, either chopped strand or continuous strand glass mat, is introduced into the cavity. Resin is then applied to the cloth and rolled out to achieve a uniform wet-out from the glass and to remove any trapped air. The part is then allowed to cure and removed from the mold. After removal, the part typically undergoes trimming to achieve the net shape desired. Parts that would be cosmetic in their end use would have a gel coat applied to the mold surface prior to the lay-up to improve the surface quality of the finished part. Parts produced from this process have a smooth outer surface and an unfinished or rough interior surface. These fiberglass-reinforced products are typically non-cosmetic components or structural reinforcements that are sold externally or used internally as components of larger assemblies.

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**Spray-Up** This process utilizes the same type of shell mold, but instead of using glass cloth to produce the composite part, a chopper/spray system is employed. Glass yarns and resin feed the chopper/spray gun. The resin coated, chopped glass, which is approximately one inch in length, is sprayed into the mold to the desired thickness. The resin coated glass in the mold is then rolled out to ensure complete wet-out and to remove any trapped air. The part is then allowed to cure, is removed from the mold and is then trimmed to the desired shape. Parts that would be used for cosmetic purposes in their end use would typically have a gel coat applied to the mold surface prior to the resin-coated glass being sprayed into the mold to improve the surface quality of the finished part. Parts produced from this process have a smooth outer surface and an unfinished or rough interior surface.

The Company also has a chain driven robotic gelcoating and spray up line and a hand spray up cell at the Batavia, Ohio location. Part sizes weigh from a few pounds to several thousand pounds with surface quality tailored for the end use application.

### **Assembly, Machining, and Paint Products**

Many of the products molded by the Company are assembled, machined, and/or prime painted to result in a completed product used by the Company's end-customers.

The Company has demonstrated manufacturing flexibility that accepts a range of low volume, hand assembly, and machining work to high volume, highly automated assembly and machining systems. Robotics are used as deemed productive for material handling, machining, and adhesive applications. In addition to conventional machining methods, water-jet cutting technology is also used where appropriate. The Company utilizes paint booths and batch ovens in its facilities when warranted. The Company generally contracts with outside parties when customers require that the Company provide a finish of a top coat of paint.

### **RAW MATERIALS**

The principal raw materials used in the compounding of SMC and the closed and open molding processes are polyester, vinyl ester and epoxy resins, fiberglass rovings, and filler. Other significant raw materials include adhesives for assembly of molded components and in-mold coating, gelcoat, prime paint for preparation of cosmetic surfaces, and hardware (steel components). Many of the raw materials used by the Company are petroleum and energy based, and therefore, the costs of certain raw materials can fluctuate based on changes in costs of these underlying commodities. During the last several years, the Company has experienced extreme price fluctuations for certain materials, which has caused suppliers to be reluctant to enter into long-term contracts. Each raw material generally has supplier alternatives, which are being evaluated regularly. The Company is also regularly evaluating its supplier base for certain supplies, repair items, and componentry to improve its overall purchasing position as supply of these items is generally available from multiple sources.

### **BACKLOG**

The Company relies on production schedules provided by its customers to plan and implement production. These schedules are typically provided on a weekly basis and are considered firm typically for four weeks. Some customers can update these schedules daily for changes in demand that allow them to run their inventories on a just-in-time basis. The ordered backlog was approximately \$6.8 million, \$6.3 million and \$9.0 million at December 31, 2009, 2008, and 2007 respectively, all of which the Company expects to ship during the first quarter of the following year.

### **CAPACITY CONSTRAINTS**

In previous years, the Company has been required to work an extended shift and day schedule, up to a seven-day/three shift operation, to meet its customers' production requirements. The Company has used various methods from overtime to a weekend manpower crew to support the different shift schedules required.

Based on recent and expected 2010 production schedules, the Company has not had and does not anticipate difficulty in providing various shift schedules necessary to meet customer requirements for the foreseeable future.

See further discussion of machine and facility capacities at Item 2 Properties contained elsewhere in this Annual Report on Form 10-K.

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**CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT**

Capital expenditures totaled approximately \$10.1 million, \$12.1 million, and \$2.7 million for 2009, 2008, and 2007, respectively. Capital expenditures in 2009 and 2008 consisted primarily of purchases related to the Company's construction of its new manufacturing facility in Mexico. Capital expenditures in 2007 consisted primarily of the buyout of certain equipment leases and purchase of production equipment to manufacture parts as well as storage racks, computers, and office furniture and fixtures.

Product development is a continuous process at the Company. Research and development activities focus on developing new SMC formulations, new structural plastic products, and improving existing products and manufacturing processes.

The Company does not maintain a separate research and development organization or facility but uses its production equipment, as necessary, to support these efforts and cooperates with its customers and its suppliers in research and development efforts. Likewise, manpower to direct and advance research and development is integrated with the existing manufacturing, engineering, production, and quality organizations. Management of the Company has estimated that internal costs related to research and development activities approximate \$181,000, \$202,000, and \$223,000 in 2009, 2008 and 2007, respectively.

**ENVIRONMENTAL COMPLIANCE**

The Company's manufacturing operations are subject to federal, state, and local environmental laws and regulations, which impose limitations on the discharge of hazardous and non-hazardous pollutants into the air and waterways. The Company has established and implemented standards for the treatment, storage, and disposal of hazardous waste. The Company's policy is to conduct its business with due regard for the preservation and protection of the environment. The Company's environmental waste management involves the regular auditing of satellite hazardous waste accumulation points, hazardous waste activities and authorized treatment, storage and disposal facility. As part of the Company's environmental policy all employees are trained on waste management and other environmental issues.

In June 2003, the Ohio Environmental Protection Agency ( Ohio EPA ) issued Core Molding Technologies' final Title V Operating Permit for the Columbus, Ohio facility, and in May 2004 the Ohio EPA issued final Title V Operating Permit for the Cincinnati, Ohio facility. In August 2005, the South Carolina Department of Health and Environmental Control issued a final Title V Operating Permit for the Gaffney, South Carolina facility. Since that time, Core Molding Technologies has substantially complied with the requirements of these permits in the Cincinnati and Gaffney facilities. The Company continues to work with the Ohio EPA to finalize renewal of the Title V Operating Permit for its Columbus facility. Additionally, the Company reviewed its reports on files with the Ohio EPA and determined that certain required reports were not found in the file. The Company voluntarily submitted reports to the Ohio EPA to confirm their filing subsequent to December 31, 2009. While the Company was operating within its permissible emissions, administrative deficiencies were identified in the Company's system which could result in penalties.

However, the Company currently has not been notified of any assessed fines or penalties and none have accrued. Core Molding Technologies does not believe that the cost to comply with these permits will have a material effect on its operations, competitive position, or capital expenditures.

**EMPLOYEES**

As of December 31, 2009, the Company employed a total of 813 employees, which consists of 448 employees in its United States operations and 365 employees in its Mexican operations. Of these 813 employees, 238 are covered by a collective bargaining agreement with the International Association of Machinists and Aerospace Workers ( IAM ), which extends to August 4, 2010, and 298 are covered by a collective bargaining agreement with Sindicato de Jornaleros y Obreros, which extends to January 16, 2011.

**PATENTS, TRADE NAMES, AND TRADEMARKS**

The Company will evaluate, apply for, and maintain patents, trade names, and trademarks where it believes that such patents, trade names, and trademarks are reasonably required to protect its rights in its products. The Company does not believe that any single patent, trade name, or trademark or related group of such rights is materially important to its business or its ability to compete.



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**SEASONALITY & BUSINESS CYCLE**

The Company's business is affected annually by the production schedules of its customers. Certain of the Company's customers typically shut down their operations on an annual basis for a period of one to several weeks during the Company's third quarter. Certain customers also typically shut down their operations during the last week of December, as well. As a result, demand for the Company's products typically decreases during the third and fourth quarters. Throughout 2009, many of the Company's customers idled production facilities during weeks that were not normal shutdown weeks, due to reduced demand and overall economic conditions. Demand for medium and heavy-duty trucks, personal watercraft, and automotive products also fluctuate on an economic, a cyclical and a seasonal basis, causing a corresponding fluctuation for demand of the Company's products.

**ITEM 1A. RISK FACTORS**

The following risk factors describe various risks that may affect our business, financial condition, and operations. References to we, us, and our in this Risk Factors section refer to Core Molding Technologies and its subsidiaries, unless otherwise specified or unless the context otherwise requires.

**We are dependent on sales to a small number of our major customers.**

Sales to Navistar and PACCAR constituted approximately 54% and 29% respectively, of our 2009 net sales. No other customer accounted for more than 10% of our net sales for this period. The loss of any significant portion of sales to any of our major customers could have a material adverse effect on our business, results of operations, or financial condition.

We are a regular supplier to both of these customers, which results in recurring revenues. If we could not maintain our supplier relationship with either customer it could have a material adverse effect on our business, results of operations, or financial condition.

We are continuing to engage in efforts intended to improve and expand our relations with Navistar and PACCAR as well as provide support for our entire customer base. We have supported our position with customers through direct and active contact through our sales, quality, engineering, and operational personnel. We cannot make any assurances that we will maintain or improve our customer relationships, whether these customers will continue to do business with us as they have in the past or whether we will be able to supply these customers or any of our other customers at current levels.

**Our business is affected by the cyclical nature of the industries and markets that we serve.**

The North American heavy and medium duty truck industries are highly cyclical. In 2009 approximately 93% of product sales were in these industries. These industries and markets fluctuate in response to factors that are beyond our control, such as general economic conditions, interest rates, federal and state regulations (including engine emissions regulations, tariffs, import regulations, and other taxes), consumer spending, fuel costs, and our customers inventory levels and production rates. Our manufacturing operations have a significant fixed cost component. Accordingly, during periods of changing demands, the profitability of our operations may change proportionately more than revenues from operations. In addition, our operations are typically seasonal as a result of regular customer maintenance shutdowns, which typically vary from year to year based on production demands and occur in the third and fourth quarter of each calendar year. This seasonality may result in decreased net sales and profitability during the third and fourth fiscal quarters of each calendar year. Weakness in overall economic conditions or in the markets that we serve, or significant reductions by our customers in their inventory levels or future production rates, could result in decreased demand for our products and could have a material adverse effect on our business, results of operations, or financial condition.

**Price increases in raw materials and availability of raw materials could adversely affect our operating results and financial condition.**

We purchase resins and fiberglass for use in production as well as steel and other components for product assembly. The prices of raw materials are affected by the prices of crude oil, natural gas, and benzene as well as processing capacity versus demand and we have incurred increases in raw material costs over the past few years. We attempt to reduce our exposure to increases by working with suppliers, evaluating new suppliers, improving material efficiencies, and when necessary through sales price adjustments to customers. If we are unsuccessful in developing ways to mitigate these raw material increases we may not be able to improve productivity or realize our ongoing cost

reduction programs sufficiently to help offset the impact of these increased raw material costs. As a result, higher raw material costs could result in declining margins and operating results.

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**Cost reduction and quality improvement initiatives by original equipment manufacturers could have a material adverse effect on our business, results of operations, or financial condition.**

We are primarily a components supplier to the heavy and medium duty truck industries, which are characterized by a small number of OEMs that are able to exert considerable pressure on components suppliers to reduce costs, improve quality, and provide additional design and engineering capabilities. Given the fragmented nature of the industry, OEMs continue to demand and receive price reductions and measurable increases in quality through their use of competitive selection processes, rating programs, and various other arrangements. We may be unable to generate sufficient production cost savings in the future to offset such price reductions. OEMs may also seek to save costs by relocating production to countries with lower cost structures, which could in turn lead them to purchase components from suppliers with lower production costs that are geographically closer to their new production facilities. These decisions by OEMs could require us to shift production between our plants so that we are more competitive. Moving production lines between our plants could result in significant one-time costs required for transfer expenses and capital investment. Additionally, OEMs have generally required component suppliers to provide more design engineering input at earlier stages of the product development process, the costs of which have, in some cases, been absorbed by the suppliers. Future price reductions, increased quality standards, and additional engineering capabilities required by OEMs may reduce our profitability and have a material adverse effect on our business, results of operations, or financial condition.

**We operate in highly competitive markets.**

The markets in which we operate are highly competitive. We compete with a number of other manufacturers that produce and sell similar products. Our products primarily compete on the basis of capability, product quality, cost, and delivery. Some of our competitors have greater financial resources, research and development facilities, design engineering, manufacturing, and marketing capabilities.

**We may be subject to additional shipping expense or late fees if we are not able to meet our customers on-time demand for our products.**

We must continue to meet our customers demand for on-time delivery of our products. Factors that could result in our inability to meet customer demands include a failure by one or more of our suppliers to supply us with the raw materials and other resources that we need to operate our business effectively or poor management of our company or one or more of its plants and an unforeseen spike in demand for our products, among other factors. If this occurs, we may be required to incur additional shipping expenses to ensure on-time delivery or otherwise be required to pay late fees, which could have a material adverse effect on our business, results of operations, or financial condition.

**If we fail to attract and retain key personnel our business could be harmed.**

Our success largely depends on the efforts and abilities of our key personnel. Their skills, experience, and industry contacts significantly benefit us. The inability to retain key personnel could have a material adverse effect on our business, results of operations, or financial condition. Our future success will also depend in part upon our continuing ability to attract and retain highly qualified personnel.

**Work stoppages or other labor issues at our facilities or at our customers facilities could adversely affect our operations.**

As of December 31, 2009, unions at our Columbus, Ohio and Matamoros, Mexico facilities represented approximately 66% of our entire workforce. As a result, we are subject to the risk of work stoppages and other labor-relations matters. The current Columbus, Ohio and Matamoros, Mexico union contracts extend through August 4, 2010 and January 16, 2011, respectively. Any prolonged work stoppage or strike at either our Columbus, Ohio or Matamoros, Mexico unionized facilities could have a material adverse effect on our business, results of operations, or financial condition. These collective bargaining agreements expire at various times. Any failure by us to reach a new agreement upon expiration of such union contracts may have a material adverse effect on our business, results of operations, or financial condition.

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In addition, if any of our customers or suppliers experiences a material work stoppage, that customer may halt or limit the purchase of our products or the supplier may interrupt supply of our necessary production components. This could cause us to shut down production facilities relating to these products, which could have a material adverse effect on our business, results of operations, or financial condition.

**Changes in the legal, regulatory and social responses to climate change, including any possible effect on energy prices, could adversely effect our business and reduce our profitability.**

It is possible that various proposed legislative or regulatory initiatives related to climate changes, such as cap-and-trade systems, increased limits on emissions of greenhouse gases, or other measures, could in the future have a material impact on us, our customers, or the markets we serve, thereby resulting in a material adverse effect on our financial condition or results of operation. For example, customers in the transportation (automotive and truck) industry could be required to incur greater costs in order to comply with such initiatives, which could have an adverse impact on their profitability or viability. This could in turn lead to further changes in the structure of the transportation industry that could reduce demand for our products. We are also reliant on energy to manufacture our products, with our operating costs being subject to increase if energy costs rise. During periods of higher energy costs we may not be able to recover our operating cost increases through production efficiencies and price increases. While we may hedge our exposure to higher prices via future energy purchase contracts, increases in energy prices for any reason (including as a result of new initiatives related to climate change) will increase our operating costs and likely reduce our profitability.

**Our business is subject to risks associated with manufacturing processes.**

We convert raw materials into molded products through a manufacturing process at production facilities in Columbus, Ohio; Gaffney, South Carolina; Batavia, Ohio; and Matamoros, Mexico. While we maintain insurance covering our manufacturing and production facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of our facilities due to accident, fire, explosion, or natural disaster, whether short or long-term, could have a material adverse effect on our business, results of operations, or financial condition.

Unexpected failures of our equipment and machinery may result in production delays, revenue loss, and significant repair costs, as well as injuries to our employees. Any interruption in production capability may require us to make large capital expenditures to remedy the situation, which could have a negative impact on our profitability and cash flows. Our business interruption insurance may not be sufficient to offset the lost revenues or increased costs that we may experience during a disruption of our operations. Because we supply our products to OEMs, a temporary or long-term business disruption could result in a permanent loss of customers. If this were to occur, our future sales levels and therefore our profitability could be materially adversely affected.

**Our insurance coverage may be inadequate to protect against the potential hazards incident to our business.**

We maintain property, business interruption, product liability, and casualty insurance coverage, but such insurance may not provide adequate coverage against potential claims, including losses resulting from war risks, terrorist acts, or product liability claims relating to products we manufacture. Consistent with market conditions in the insurance industry, premiums and deductibles for some of our insurance policies have been increasing and may continue to increase in the future. In some instances, some types of insurance may become available only for reduced amounts of coverage, if at all. In addition, there can be no assurance that our insurers would not challenge coverage for certain claims. If we were to incur a significant liability for which we were not fully insured or that our insurers disputed, it could have a material adverse effect on our financial position.

**We have made acquisitions and may make acquisitions in the future. We may not realize the improved operating results that we anticipate from these acquisitions or from acquisitions we may make in the future, and we may experience difficulties in integrating the acquired businesses or may inherit significant liabilities related to such businesses.**

We explore opportunities to acquire businesses that we believe are related to our core competencies from time to time, some of which may be material to us. We expect such acquisitions will produce operating results consistent with our other operations, however, we cannot provide assurance that this assumption will prove correct with respect to any acquisition.



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Any acquisitions may present significant challenges for our management due to the increased time and resources required to properly integrate management, employees, information systems, accounting controls, personnel, and administrative functions of the acquired business with those of ours and to manage the combined company on a going forward basis. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of these businesses could adversely impact our business, results of operations, and liquidity, and the benefits we anticipate may never materialize.

**If we are unable to meet future capital requirements, our business may be adversely affected.**

As we grow our business, we may have to incur significant capital expenditures. We may make capital investments to, among other things, build new or upgrade our facilities, purchase leased facilities and equipment, and enhance our production processes. We cannot assure you that we will have, or be able to obtain, adequate funds to make all necessary capital expenditures when required, or that the amount of future capital expenditures will not be materially in excess of our anticipated or current expenditures. If we are unable to make necessary capital expenditures we may not have the capability to support our customer demands, which, in turn could reduce our sales and profitability and impair our ability to satisfy our customers' expectations. In addition, even if we are able to invest sufficient resources, these investments may not generate net sales that exceed our expenses, generate any net sales at all, or result in any commercially acceptable products.

**Our failure to comply with our debt covenants could have a material adverse effect on our business, financial condition or results of operations.**

Our U.S. debt agreements contain several covenants. A breach of any of these covenants could result in a default under the applicable agreement. If a default were to occur, we would likely seek a waiver of that default, attempt to reset the covenant, or refinance the instrument and accompanying obligations. If we were unable to obtain this relief, the default could result in the acceleration of the total due related to that debt obligation. If a default were to occur, we may not be able to pay our debts or borrow sufficient funds to refinance them. Any of these events, if they occur, could materially adversely affect our results of operations, financial condition, and cash flows.

**We may not achieve expected efficiencies related to the proximity of our customers' production facilities to our manufacturing facilities, or with respect to existing or future production relocation plans.**

Our facilities are located in close proximity to our customers in order to minimize both our customers' and our own costs. If any of our customers were to move or if nearby facilities are closed, that may impact our ability to remain competitive. This might also require us to move closer to our customers, build new facilities or shift production between our current facilities to meet our customers' needs, resulting in additional cost and expense. In January 2010 we announced our agreement with Navistar to shift production of certain products from our Columbus, Ohio facility to our Matamoros, Mexico facility as a result of the relocation of certain production to its Escobedo, Mexico assembly plant. We anticipate that we will incur up to approximately \$2.0 million of expense for transfer and startup costs and up to \$2.0 million of capital associated with this production shift to Matamoros. If we are unable to successfully shift production to our Matamoros facility as described above, or with respect to any future production relocation plans, we may not achieve expected efficiencies or lose business which could have an adverse effect on our financial operations and cash flows.

**Our products may be rendered obsolete or less attractive if there are changes in technology, regulatory requirements, or competitive processes.**

Changes in technology, regulatory requirements, and competitive processes may render certain products obsolete or less attractive. Our ability to anticipate changes in these areas will be a significant factor in our ability to remain competitive. If we are unable to identify or compensate for any one of these changes it may have a material adverse effect on our business, results of operations, or financial condition.

**Our stock price can be volatile.**

Our stock price can fluctuate widely in response to a variety of factors. Factors include actual or anticipated variations in our quarterly operating results, our relatively small public float, changes in securities analysts' estimates of our future earnings, and the loss of major customers or significant business developments relating to us or our competitors, and other factors, including those described in this Risk Factors section. Our common stock also has a low average daily trading volume, which limits a person's ability to quickly accumulate or quickly divest themselves

of large blocks of our stock. In addition, a low average trading volume can lead to significant price swings even when a relatively few number of shares are being traded.

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**We are subject to environmental rules and regulations that may require us to make substantial expenditures.** Our operations, facilities, and properties are subject to extensive and evolving laws and regulations pertaining to air emissions, wastewater discharges, the handling and disposal of solid and hazardous materials and wastes, the investigation and remediation of contamination, and otherwise relating to health, safety, and the protection of the environment and natural resources. As a result, we may be involved from time to time in administrative or legal proceedings relating to environmental, health and safety matters, and may need to incur capital costs and other expenditures relating to such matters.

**Although we do not presently anticipate terminating any senior management employees, certain senior management employees have entered into potentially costly severance arrangements with us if terminated after a change in control.**

We have entered into executive severance agreements with certain senior management employees that provide for significant severance payments in the event such employee's employment with us is terminated within 2 years of a change in control (as defined in the severance agreement) either by the employee for good reason (as defined in the severance agreement) or by us for any reason other than cause (as defined in the severance agreement), or for death, or disability. A change in control under these agreements includes any transaction or series of related transactions as a result of which less than fifty percent (50%) of the combined voting power of the then-outstanding securities immediately after such transaction are held in the aggregate by the holders of our voting stock immediately prior to such transaction; any person has become the beneficial owner of securities representing 50% or more of our voting stock; we file a report or proxy statement with the SEC that a change in control of the Company has occurred; or within any two year period, the directors at the beginning of the period cease to constitute at least a majority thereof. These agreements would make it costly for us to terminate certain of our senior management employees and such costs may also discourage potential acquisition proposals, which may negatively affect our stock price.

**Our stock price may be adversely affected as a result of shares eligible for future sale by Navistar.**

Navistar received 4,264,000 shares of our common stock in connection with the sale of the Columbus Plastics unit to us in 1996. On July 18, 2007, we entered into a stock repurchase agreement with Navistar, pursuant to which we purchased 3,600,000 of these shares from Navistar. The remaining 664,000 shares which Navistar received and still owns may not be sold in the absence of registration under the Securities Act or an exemption therefrom, including the exemptions contained in Rule 144 under the Securities Act. We previously entered into a Registration Rights Agreement with Navistar pursuant to which Navistar and its transferees were granted the right to demand registration of the resale of such shares at any time. Navistar was also granted unlimited piggyback registration rights with respect to these shares under the Registration Rights Agreement. No prediction can be made as to the effect, if any, of future sales of our shares of common stock by Navistar, if any, on the market price of our shares of common stock prevailing from time to time. Sales of substantial amounts of our common stock by Navistar, or the perception that such sales could occur, could adversely affect prevailing market prices for those securities.

**Our foreign operations subject us to risks that could negatively affect our business.**

We operate a manufacturing facility in Matamoros, Mexico and, as a result, our business and operations are subject to the risk of changes in economic conditions, tax systems, consumer preferences, social conditions, safety and security conditions and political conditions inherent in Mexico, including changes in the laws and policies that govern foreign investment, as well as changes in United States laws and regulations relating to foreign trade and investment. In addition, our results of operations and the value of our foreign assets are affected by fluctuations in Mexican currency exchange rates, which may favorably or adversely affect reported earnings. There can be no assurance as to the future effect of any such changes on our results of operations, financial condition, or cash flows.

**Economic conditions and disruptions in the financial markets could have an adverse effect on our business, financial condition and results of operations.**

The financial markets continue to experience turmoil and uncertainty and this has required significant intervention of the U.S. federal government. While the ultimate outcome of these types of events in the financial market cannot be predicted, they could have a material adverse effect on our liquidity and financial condition if our ability to borrow money from our existing lenders were to be impaired. A crisis in the financial markets may also have a material adverse impact on the availability and cost of credit in the future. Our ability to pay our debt or refinance our

obligations will depend on our future performance, which could be affected by, among other things, prevailing economic conditions. A financial crisis may also have an adverse effect on the U.S. and world economies, which would have a negative impact on demand for our products. In addition, tightening of credit markets may have an adverse impact on our customers' ability to finance the sale of new trucks or our suppliers' ability to provide us with raw materials, either of which could adversely affect our business and results of operations.

**Table of Contents****ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The Company owns three production facilities that are situated in Columbus, Ohio, Gaffney, South Carolina and Matamoros Mexico and leases a production facility in Batavia, Ohio. The Company believes that, through productive use, these facilities have adequate production capacity to meet current production volume.

At the Columbus, Ohio and Gaffney, South Carolina facilities the Company measures molding capacity in terms of its twelve large molding presses (i.e. 2,000 tons and greater). The approximate large press capacity utilization for the molding of production products in the Company's United States production facilities was 41%, 62%, and 50%, in the fourth quarter of 2009, 2008, and 2007, respectively. Capacity utilization is measured on the basis of a five day, three-shifts per day operation.

The Columbus, Ohio plant is located at 800 Manor Park Drive on approximately 28.2 acres of land. The Company acquired the property at 800 Manor Park Drive in 1996 as a result of the Asset Purchase Agreement with Navistar. The approximate 331,558 square feet of available floor space at the Columbus, Ohio plant is comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	315,409
Office	16,149
<b>Total</b>	<b>331,558</b>

The Gaffney, South Carolina plant, which was opened in early 1998, is located at 24 Commerce Drive, Meadow Creek Industrial Park on approximately 20.7 acres of land. The approximate 110,900 square feet of available floor space at the Gaffney, South Carolina plant is comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	105,700
Office	5,200
<b>Total</b>	<b>110,900</b>

The Matamoros, Mexico plant which was opened in mid 2009 is located at Guillermo Gonzalez Camarena y Thomas Alva Edison Manzana, Matamoros, Tamaulipas, Mexico. The facility consists of approximately 437,000 square feet on approximately 22 acres comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	422,000
Office	15,000
<b>Total</b>	<b>437,000</b>

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With the completion of the new manufacturing facility, the Matamoros production plant now has RTM, spray up, hand layup and SMC molding operations. For each operation, production capacity is calculated differently. The RTM, spray up and hand lay up activities in the facility are not linked directly to equipment capacities, due to the nature of the products produced. Capacity of the facility is tied to available floor space and the availability of personnel. The approximate capacity utilization for these operations was 36%, 50%, and 42% in the fourth quarter of 2009, 2008, and 2007, respectively. For the plant SMC operations the Company measures molding capacity in terms of its large molding press (i.e. 2,000 tons and greater). The approximate large press capacity utilization for the molding of production products in the Company's Mexico production facility was 45%, in the fourth quarter of 2009. There were no large presses in Mexico in 2008 or 2007. Capacity utilization is measured on the basis of a six day, three-shifts per day operation.

The Columbus, Ohio, Gaffney, South Carolina and Matamoros, Mexico properties are subject to liens and security interests as a result of the properties being pledged by the Company as collateral for its debt as described in Note 6 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

The Company leases a production plant in Batavia, Ohio located at 4174 Half Acre Road on approximately nine acres of land. The term of the lease is seven years through July 2012. The Company has the option to terminate the lease at any time, by providing written notice to the lessor no later than 90 days prior to the intended termination date. The Company has the option to purchase the property at the end of every lease year. The approximate 107,740 square feet of available floor space at the Batavia, Ohio plant is comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	103,976
Office	3,764
Total	107,740

The capacity of production in this facility is not linked directly to equipment capacities, due to the nature of the products produced. Capacity of the facility is tied to available floor space and the availability of personnel. The approximate capacity utilization for this operation was 31%, 38% and 49% in the fourth quarter of 2009, 2008 and 2007, respectively.

**ITEM 3. LEGAL PROCEEDINGS**

From time to time, the Company is involved in litigation incidental to the conduct of its business. However, the Company is presently not involved in any legal proceedings, which in the opinion of management are likely to have a material adverse effect on the Company's consolidated financial position or results of operations.

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

(Removed and Reserved)

**Table of Contents****PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES**

The Company's common stock is traded on the NYSE AMEX under the symbol CMT .

The table below sets forth the high and low sale prices of the Company for each full quarterly period within the two most recent fiscal years for which such stock was traded.

<b>Core Molding Technologies, Inc.</b>		<b>High</b>	<b>Low</b>
Fourth Quarter	2009	\$ 3.39	\$ 2.69
Third Quarter	2009	4.19	2.16
Second Quarter	2009	3.00	1.30
First Quarter	2009	2.99	1.16
Fourth Quarter	2008	\$ 6.24	\$ 2.05
Third Quarter	2008	7.49	5.50
Second Quarter	2008	7.40	6.55
First Quarter	2008	7.90	6.48

The Company's common stock was held by 351 holders of record on March 31, 2010.

The Company made no payments of cash dividends during 2009 and 2008. The Company currently expects that its earnings will be retained to finance the growth and development of its business and does not anticipate paying dividends on its common stock in the foreseeable future.

**Equity Compensation Plan Information**

The following table shows certain information concerning our common stock to be issued in connection with our equity compensation plans as of December 31, 2009:

<b>Plan Category</b>	<b>Number of Shares to be Issued Upon Exercise of Outstanding Options or Vesting of Restricted Grants</b>	<b>Weighted Average Exercise Price of Outstanding Options or Restricted Grants</b>	<b>Number of Shares Remaining Available for Future Issuance</b>
Equity compensation plans approved by stockholders	590,620	\$ 3.52	1,887,806
Equity compensation plans not approved by stockholders (1)	155,650	\$ 3.21	

(1) On August 4, 2003, the Company issued 261,250 options that were not covered under

the Plan at  
\$3.21 to its  
Directors.

**Table of Contents****ITEM 6. SELECTED FINANCIAL DATA**

The following selected financial data are derived from the audited consolidated financial statements of the Company. The information set forth below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, the financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

(In thousands, except per share data)	<b>Years Ended December 31,</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Operating Data:</b>					
Product sales	\$ 76,167	\$ 110,539	\$ 101,045	\$ 150,174	\$ 124,910
Tooling sales	7,172	6,116	21,667	12,156	5,633
Net sales	83,339	116,655	122,712	162,330	130,543
Gross margin	11,425	21,210	16,968	29,869	23,275
Income before interest and taxes	2,485	9,190	5,569	15,856	10,394
Net income	1,018	5,643	3,726	10,411	6,286
<b>Earnings Per Share Data:</b>					
Net income per common share:					
Basic	.15	.84	.43	1.03	.63
Diluted	.15	.81	.41	1.00	.60
<b>Balance Sheet Data:</b>					
Total assets	78,141	73,831	61,695	89,506	74,221
Working capital	13,587	10,631	6,253	27,575	22,766
Long-term debt	17,733	11,129	5,914	7,779	9,595
Stockholders' equity	29,197	28,975	21,827	42,694	34,141
Return on Equity	3%	19%	17%	24%	18%

**Table of Contents****ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance as opposed to historical items and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Such forward-looking statements involve known and unknown risks and are subject to uncertainties and factors relating to Core Molding Technologies operations and business environment, all of which are difficult to predict and many of which are beyond Core Molding Technologies' control. These uncertainties and factors could cause Core Molding Technologies' actual results to differ materially from those matters expressed in or implied by such forward-looking statements.*

*Core Molding Technologies believes that the following factors, among others, could affect its future performance and cause actual results to differ materially from those expressed or implied by forward-looking statements made in this report: business conditions in the plastics, transportation, watercraft and commercial product industries; federal and state regulations (including engine emission regulations); general economic, social and political environments in the countries in which Core Molding Technologies operates; dependence upon two major customers as the primary source of Core Molding Technologies' sales revenues; recent efforts of Core Molding Technologies to expand its customer base; the actions of competitors, customers, and suppliers; failure of Core Molding Technologies' suppliers to perform their obligations; the availability of raw materials; inflationary pressures; new technologies; regulatory matters; labor relations; the loss or inability of Core Molding Technologies to attract and retain key personnel; federal, state and local environmental laws and regulations; the availability of capital; the ability of Core Molding Technologies to provide on-time delivery to customers, which may require additional shipping expenses to ensure on-time delivery or otherwise result in late fees; risk of cancellation or rescheduling of orders; risks related to the transfer of production from Core Molding Technologies Columbus facility to its Matamoros facility; management's decision to pursue new products or businesses which involve additional costs, risks or capital expenditures; and other risks identified from time-to-time in Core Molding Technologies other public documents on file with the Securities and Exchange Commission, including those described in Item 1A of this Annual Report on Form 10-K.*

**OVERVIEW**

Core Molding Technologies is a compounder of sheet molding composite ( SMC ) and molder of fiberglass reinforced plastics, primarily for the medium and heavy-duty truck market, which accounted for approximately 93% of 2009 product sales. Core Molding Technologies produces high quality fiberglass reinforced molded products and SMC materials for varied markets, including light, medium and heavy-duty trucks, automobiles and automotive aftermarkets, personal watercraft, and other commercial products. The demand for Core Molding Technologies products is affected by economic conditions in the United States, Canada, and Mexico. Core Molding Technologies manufacturing operations have a significant fixed cost component. Accordingly, during periods of changing demands, the profitability of Core Molding Technologies' operations may change proportionately more than revenues from operations.

On December 31, 1996, Core Molding Technologies acquired substantially all of the assets and assumed certain liabilities of Columbus Plastics, a wholly owned operating unit of Navistar's truck manufacturing division since its formation in late 1980. Columbus Plastics, located in Columbus, Ohio, was a compounder and compression molder of SMC. In 1998, Core Molding Technologies began compression molding operations at its second facility in Gaffney, South Carolina, and in October 2001, Core Molding Technologies acquired certain assets of Airshield Corporation. As a result of this acquisition, Core Molding Technologies expanded its fiberglass molding capabilities to include the spray up, hand-lay-up open mold processes and resin transfer ( RTM ) closed molding utilizing a vacuum infusion process. In September 2004, Core Molding Technologies acquired substantially all the operating assets of Keystone Restyling Products, Inc., a privately held manufacturer and distributor of fiberglass reinforced products for the automotive-aftermarket industry. In August 2005, Core Molding Technologies acquired certain assets of the Cincinnati Fiberglass Division of Diversified Glass, Inc., a Batavia, Ohio-based, privately held manufacturer and distributor of fiberglass reinforced plastic components supplied primarily to the heavy-duty truck market. The Batavia,

Ohio facility produces reinforced plastic products by a spray-up open mold process and resin transfer molding ( RTM ) utilizing multiple insert tooling ( MIT ) closed mold process. In June of 2009, the Company completed construction of its new 437,000 square foot production facility in Matamoros, Mexico that replaced its leased facility. In conjunction with the construction of its new facility, the Company also added compression molding operations in Matamoros, Mexico.

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Core Molding Technologies recorded net income for 2009 of \$1,018,000 or \$0.15 per basic and diluted share, compared with \$5,643,000 or \$0.84 per basic and \$0.81 per diluted share, in the year 2008. Net income was negatively impacted by decreased product sales volumes due to the downturn in the global economy which impacted the North American medium and heavy-duty truck market throughout 2009. Additionally in connection with the construction of a new manufacturing facility in Mexico, the Company expensed approximately \$2,001,000 of transfer and start up costs during 2009.

Looking forward the Company anticipates 2010 sales levels increasing over the prior year. Industry analysts are forecasting improvements in truck production, which the Company expects to create some improvement to its revenues over the year. The Company continues to focus on controlling costs and adjusting operations to meet the needs of its customers at these historically low heavy duty truck production levels.

Additionally the Company expects to incur up to approximately \$2,000,000 of additional transition and start-up expense and up to approximately \$2,000,000 in capital expenditures in 2010 associated with the relocation of certain products from its Columbus, Ohio facility to its Matamoros, Mexico facility.

**RESULTS OF OPERATIONS****2009 COMPARED WITH 2008**

Net sales for 2009 totaled \$83,339,000, an approximate 29% decrease from the \$116,655,000 reported for 2008. Included in total sales are tooling project revenues of \$7,172,000 for 2009 and \$6,116,000 for 2008. Tooling project sales result from billings to customers for molds and assembly equipment built specifically for their products. These sales are sporadic in nature and do not represent a recurring trend. Tooling project revenues relate to both replacement models and new business awarded to the Company. Total product sales revenue for 2009, excluding tooling project revenue, totaled \$76,167,000, an approximate 31% decrease from the \$110,539,000 reported for 2008. The primary reason for the decrease in product sales was the continued downturn in the North American medium and heavy-duty truck market caused by overall economic conditions.

Sales to Navistar in 2009 totaled \$44,678,000, an approximate 33% decrease from the 2008 amount of \$66,880,000. Included in total sales is \$3,050,000 of tooling sales for 2009 compared to \$3,120,000 in 2008. Total product sales to Navistar decreased by 35% for 2009 as compared to 2008. The primary reasons for the decrease in product sales were the depressed economic conditions in the North American medium and heavy-duty truck market due to the overall economic conditions noted above as well as fewer orders for Navistar's military product line.

Sales to PACCAR in 2009 totaled \$24,184,000, an approximate 20% decrease from 2008 sales of \$30,201,000. Included in total sales is \$1,069,000 of tooling sales for 2009 compared to \$2,505,000 in 2008. Total product sales to PACCAR decreased by 17% for 2009 as compared to 2008. The decrease in total product sales was primarily due to market conditions as noted above. The decrease in product sales was partially offset by a shift in PACCAR's production to truck models for which the Company provides higher content.

Sales to other customers decreased by approximately 26% to \$14,477,000 in 2009 from \$19,575,000 in 2008. This decrease was primarily due to market related decreases in product sales to other North American medium and heavy-duty truck manufacturers amounting to approximately \$3,046,000, as well as a decrease in product sales to a customer in the marine industry of approximately \$1,953,000.

Gross margin was approximately 14% of sales in 2009 compared to 18% of sales in 2008. The decrease in gross margin was primarily due to lower overhead cost absorption which was due to lower production volumes. Our manufacturing operations have significant overhead costs such as certain labor, energy, depreciation, lease expense and certain benefit costs, including post retirement healthcare costs that do not change proportionately with sales. Also impacting the decline in gross margin was approximately \$1,783,000 of transition and start up costs incurred during 2009 associated with the Company's new production facility in Matamoros Mexico. Partially offsetting the decrease in gross margin was no profit sharing expense during 2009 due to lower earnings.

Selling, general, and administrative expenses ( SG&A ) totaled \$8,940,000 in 2009, decreasing from \$12,020,000 in 2008. The primary reasons for the decrease was no profit sharing expense for 2009, lower labor and benefit costs and lower professional fees as a result of the Company's ongoing cost reduction actions. Partially offsetting these reductions were approximately \$218,000 of transition and start-up costs incurred in 2009 associated with the Company's new production facility in Mexico.



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Net interest expense totaled \$951,000 for the year ended December 31, 2009, compared to net interest expense of \$689,000 for the year ended December 31, 2008. Included in interest expense for 2009 are net credits of \$210,000 from adjustments related to mark to market and ineffectiveness of the Company's interest rate swaps. This net credit compares to \$52,000 of net ineffectiveness interest expense recorded for 2008. Additionally, the Company capitalized interest of approximately \$167,000 in 2009 and \$82,000 in 2008 related to construction of its new production facility in Mexico which was placed into service in June 2009. Net interest expense was also impacted by additional borrowings related to the Company's production facility in Mexico and increased interest rates in 2009. Income tax expense for 2009 was approximately 34% of total income before taxes, consistent with approximately 34% in 2008.

Net income for 2009 was \$1,018,000 or \$.15 per basic and diluted share, representing a decrease of \$4,625,000 from the 2008 net income of \$5,643,000 or \$.84 per basic share and \$.81 per diluted share.

**2008 COMPARED WITH 2007**

Net sales for 2008 totaled \$116,655,000, an approximate 5% decrease from the \$122,712,000 reported for 2007. Included in total sales are tooling project revenues of \$6,116,000 for 2008 and \$21,667,000 for 2007. Tooling project sales result from billings to customers for molds and assembly equipment built specifically for their products. These sales are sporadic in nature and do not represent a recurring trend. Tooling project revenues relate to both replacement models and new business awarded to the Company. Total product sales revenue for 2008, excluding tooling project revenue, totaled \$110,539,000, an approximate 9% increase from the \$101,045,000 reported for 2007. The primary reason for the increase in product sales is the increased volume for new programs started in 2007 and 2008.

Sales to Navistar in 2008 totaled \$66,880,000, an approximate 25% increase from the 2007 amount of \$53,629,000. Included in total sales is \$3,120,000 of tooling sales for 2008 compared to \$8,323,000 in 2007. Total product sales to Navistar increased by 41% for 2008 as compared to 2007. The increase in product sales is primarily due to increased volume for programs started in 2007, as well as increases in the demand for other products that the Company manufactures for Navistar.

Sales to PACCAR in 2008 totaled \$30,201,000 an approximate 25% decrease from 2007 sales amount of \$40,331,000. Included in total sales is \$2,505,000 of tooling sales for 2008 compared to \$12,518,000 in 2007. Total product sales to PACCAR were \$27,695,000 for 2008 compared to \$27,813,000 for 2007. Product sales were favorably affected by increased volume for programs started in 2007 offset by a decrease in sales for more mature products that the Company manufactures for PACCAR.

Sales to other customers decreased by approximately 32% to \$19,575,000 in 2008 from \$28,751,000 in 2007. This decrease is primarily related to decreases in product sales to a customer in the marine industry of approximately \$5,854,000 as well as decreases in product sales to other heavy-duty truck manufacturers and an automotive customer. Gross margin was approximately 18% of sales in 2008 compared to 14% of sales in 2007. The increase in gross margin was primarily due to improved production efficiencies. Also contributing to the increase in gross margin was lower fixed manufacturing costs due to cost reductions implemented by the Company and higher fixed cost absorption due to higher product sales volumes. Our manufacturing operations have significant fixed costs such as labor, energy, depreciation, lease expense and post retirement healthcare costs that do not change proportionately with sales.

Partially offsetting the increase in gross margin was higher profit sharing expense due to higher earnings.

Selling, general, and administrative expenses ( SG&A ) totaled \$12,020,000 in 2008, increasing from \$11,399,000 in 2007. The primary reasons for this increase are higher profit sharing expense due to increased earnings in 2008 compared to 2007.

Net interest expense totaled \$689,000 for the year ended December 31, 2008, compared to net interest expense of \$175,000 for the year ended December 31, 2007. The Company had no interest income for the year ended December 31, 2008 compared to \$542,000 for the year ended December 31, 2007 due to cash previously used for investing being used to repurchase Core Molding Technologies stock from Navistar in July of 2007. Interest expense for 2008 decreased to \$689,000 compared to \$717,000 for 2007. The decrease in interest expense is primarily a result of lower outstanding balances on the Company's revolving line of credit and lower interest rates on the Company's variable interest loans. Interest of approximately \$82,000 related to the construction of the new manufacturing facility in Matamoros has been capitalized and therefore has not impacted interest expense in 2008.



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Income tax expense for 2008 was approximately 34% of total income before taxes compared to approximately 31% in 2007. In 2007, the Company adjusted the state and local tax rates due to changes in the tax laws of various states. This resulted in changes to the Company's state deferred liabilities and lowered the 2007 effective tax rate. The Company also received certain state and local tax refunds in 2007 contributing to the reduction of the effective rate.

Net income for 2008 was \$5,643,000 or \$.84 per basic share and \$.81 per diluted share, representing an increase of \$1,917,000 from the 2007 net income of \$3,726,000 or \$.43 per basic share and \$.41 per diluted share. In July 2007, the Company purchased 3,600,000 shares of its stock from Navistar. This share repurchase resulted in a favorable impact on earnings per share for the year ended December 31, 2008 compared to the year ended December 31, 2007, due to lower outstanding shares.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's primary sources of funds have been cash generated from operating activities and bank borrowings. The Company's primary cash requirements are for operating expenses and capital expenditures.

In December of 2008, the Company and its subsidiary, CoreComposites, entered into a Credit Agreement (the "Credit Agreement") with KeyBank National Association ("KeyBank") as a lender, lead arranger, sole book runner and administrative agent. Under the Credit Agreement, KeyBank has made certain loans which include (i) a \$12,000,000 Capex loan, (ii) an \$8,000,000 Mexican loan, (iii) an \$8,000,000 revolving credit commitment, (iv) a \$2,678,563 term loan to refinance a previous term loan with KeyBank, and (v) a letter of credit in an undrawn face amount of \$3,332,493 with respect to the Company's existing industrial development revenue bond financing.

On March 31, 2009, the Company entered into the first amendment to the Credit Agreement with KeyBank (the "First Amendment"). Pursuant to the terms of the First Amendment, the lender agreed to modify certain terms of the Credit Agreement. These modifications included (1) modification of the definition of EBITDA to add back transition costs up to \$3,200,000 associated with the transition and startup of the new production facility in Matamoros and add back of certain non-cash compensation expense, (2) modification of the fixed charge definition to exclude from consolidated interest expense any measure of ineffectiveness from interest rate swaps and amortization of loan origination and issuance costs, (3) modification of the leverage ratio from 3.0x to 3.2x at June 30, 2009, 3.4x at September 30, 2009, and 3.2x at December 31, 2009, (4) increase the applicable margin for interest rates effective March 31, 2009 to 400 basis points for both the Capex and Mexican loans, term loan and the revolving line of credit; all rates, other than the term loan, decrease 25 basis points upon reaching a leverage ratio of less than 2.25 to 1.00, (5) increase the letter of credit fee on the Industrial Revenue Bond to 300 basis points, (6) increase the 100 basis point LIBOR floor on the \$8,000,000 Mexican loan and revolving line of credit to 150 basis points and (7) implement a 150 basis point LIBOR floor on the \$12,000,000 Capex loan.

On June 30, 2009, the Company entered into the second amendment (the "Second Amendment") to the Credit Agreement with Key Bank. Pursuant to the terms of the Second Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included (1) an increase in the applicable margin for interest rates to 450 basis points, effective June 30, 2009, for both the Capex and Mexican loans and the revolving line of credit; with all rates other than rates applicable to the term loan decreasing by 25 basis points upon reaching a leverage ratio of less than 2.25 to 1.00, (2) a decrease in the applicable margin for the interest rate applicable to the term loan to 200 basis points in excess of LIBOR or the Base Rate, (3) a change in the definition of consolidated EBITDA to add back non-cash post-retirement expenses minus retirement benefits paid in cash, (4) the deletion of the 150 basis point interest rate floor applicable to the \$8,000,000 Mexican loan, the \$12,000,000 Capex loan and the revolving line of credit, and (5) the extension of the commitment for the revolving line of credit to April 30, 2011.

On December 1, 2009, the Company entered into a third amendment (the "Third Amendment") to the Credit Agreement with Key Bank. Pursuant to the terms of the Third Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included a decrease in the applicable margin for interest rates to 375 basis points from 450 basis points, for both the Capex and Mexican loans and the revolving line of credit, effective December 1, 2009.



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On March 8, 2010, the Company entered into the fourth amendment (the "Fourth Amendment") to the Credit Agreement. Pursuant to the terms of the Fourth Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included (1) modification of the definition EBITDA to add back transition costs of up to \$2,000,000 associated with the relocation of certain products from the Company's Columbus, Ohio facility to its Matamoros, Mexico facility (2) modification to the fixed charge definition to exclude capital expenditures of up to \$2,000,000 associated with the relocation of certain products from the Company's Columbus, Ohio facility to its Matamoros, Mexico facility; (3) retroactively modified the amortization schedule of the Mexican loan to forgo the principal payment due January 31, 2010 of \$1,600,000 as a result of the Company limiting its borrowing to \$6,400,000 instead of the full amount of the loan contemplated (\$8,000,000); and (4) consent to transfer certain assets of the Company from Columbus, Ohio to Matamoros, Mexico.

Cash provided by operating activities totaled \$8,234,000. Net income contributed \$1,018,000 to operating cash flow. Non-cash deductions of depreciation and amortization contributed \$3,856,000 and utilization of deferred income tax assets favorably impacted operating cash flow by \$1,126,000. In addition, the net increase in the postretirement healthcare benefits liability of \$973,000 is not a current cash obligation. Changes in working capital favorably impacted cash provided by operating activities by \$1,243,000, due to decreases in accounts receivable and inventory, which were partially offset by decreases in accounts payable and accrued liabilities.

Cash used for investing activities was \$10,047,000 for the year ended December 31, 2009, which primarily represents the investment made in the Company's new manufacturing facility in Mexico. At December 31, 2009, commitments for capital expenditures were \$30,000. Capital expenditures related to new programs and maintenance capital for 2010 are anticipated to be approximately \$2,000,000. Core will also incur additional capital expenditures of up to approximately \$2,000,000 associated with asset purchases and building improvements related to the relocation of certain products produced at the Company's Columbus facility to the Company's Matamoros, Mexico facility.

Financing activities increased cash flow by \$5,955,000. The primary financing activities are from borrowings on the Capex and Mexican loans for the Company's new facility in Mexico of \$10,279,000. Partially offsetting these borrowings were principal repayments on the Company's loans and line of credit totaling \$4,100,000.

At December 31, 2009, the Company had cash on hand of \$4,142,000 and an available line of credit of \$8,000,000 ("Line of Credit"), which is scheduled to mature on April 30, 2011. At December 31, 2009, Core Molding Technologies had no outstanding borrowings on the Line of Credit. Management expects the current cash balance along with this line of credit to be adequate to meet Core Molding Technologies' liquidity needs.

The Company is required to meet certain financial covenants included in its debt agreements with respect to leverage ratios, fixed charge ratios, capital expenditures as well as other customary affirmative and negative covenants. As of December 31, 2009, the Company was in compliance with its financial debt covenants.

Based on the Company's forecasts which are primarily based on industry analysts' estimates of 2010 heavy and medium-duty truck production volumes as well as other assumptions management believes to be reasonable, management believes that the Company will be able to maintain compliance with the covenants to the Credit Agreement, as amended, for the next 12 months. Management believes that cash flow from operating activities together with available borrowings under the Credit Agreement will be sufficient to meet the Company's liquidity needs. However, if a material adverse change in the financial position of the Company should occur, or if actual sales or expenses are substantially different than what has been forecasted, the Company's liquidity and ability to obtain further financing to fund future operating and capital requirements could be negatively impacted.

**CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET TRANSACTIONS**

The Company has the following minimum commitments under contractual obligations, including purchase obligations, as defined by the United States Securities and Exchange Commission ("SEC"). A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on the Company and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are reflected on the Company's balance sheet under accounting principles generally accepted in the United States. Based on this definition, the table below includes only those contracts which include fixed or minimum obligations. It does not include normal purchases, which are made in the ordinary course of business.



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The following table provides aggregated information about contractual obligations and other long-term liabilities as of December 31, 2009.

	2010	2011 - 2012	2013 - 2014	2015 and after	Total
Debt	\$ 3,675,000	\$ 8,256,000	\$ 7,048,000	\$ 2,429,000	\$ 21,408,000
Line of credit					
Interest	1,019,000	1,087,000	422,000	74,000	2,602,000
Operating lease obligations	446,000	496,000			942,000
Contractual commitments for capital expenditures	30,000				30,000
Postretirement benefits	668,000	1,131,000	1,620,000	15,325,000	18,744,000
Total	\$ 5,838,000	\$ 10,970,000	\$ 9,090,000	\$ 17,828,000	\$ 43,726,000

Interest is calculated based the effective interest rates on the Company's borrowing arrangements reflective of the interest rate swap agreements in place for the long-term borrowings. As of December 31, 2009, the Company had no off-balance sheet arrangements.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Management's Discussion and Analysis of Financial Condition and Results of Operations discuss the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to accounts receivable, inventories, workers compensation and self insurance healthcare accruals, post retirement benefits, and income taxes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

**Accounts Receivable Allowances**

Management maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company had an allowance for doubtful accounts of \$113,000 at December 31, 2009 and \$109,000 at December 31, 2008. Management also records estimates for chargebacks such as customer returns, customer rework chargebacks, discounts offered to customers, and price adjustments. Should these customer returns, chargebacks, discounts, and price adjustments fluctuate from the estimated amounts, additional allowances may be required. The Company recorded allowances for chargebacks of \$519,000 at December 31, 2009 and \$740,000 at December 31, 2008.

**Inventories**

Inventories, which include material, labor, and manufacturing overhead, are valued at the lower of cost or market. The inventories are accounted for using the first-in, first-out (FIFO) method of determining inventory costs. Inventory quantities on-hand are regularly reviewed, and where necessary, provisions for excess and obsolete inventory are recorded based on historical and anticipated usage. The Company had an allowance for slow moving and obsolete inventory of \$762,000 at December 31, 2009 and \$490,000 at December 31, 2008.



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### **Goodwill and Long-Lived Assets**

Management evaluates whether impairment exists for goodwill and long-lived assets annually on December 31 or at interim periods if an indicator of impairment exists. Should actual results differ from the assumptions used to determine impairment, additional provisions may be required. In particular, decreases in future cash flows from operating activities that are below our assumptions could have an adverse effect on the Company's ability to recover its long-lived assets. The Company has not recorded any impairment to goodwill for long-lived assets for the years ended December 31, 2009 and 2008. A 10% decrease in future cash flows would not adversely impact the net book value of goodwill and a 1% increase in the rate used to discount future cash flows would not adversely impact the net book value of goodwill.

### **Self-Insurance**

The Company is self-insured with respect to most of its Columbus and Batavia, Ohio and Gaffney, South Carolina medical and dental claims and Columbus and Batavia, Ohio workers' compensation claims. The Company has recorded an estimated liability for self-insured medical and dental claims incurred but not reported and workers' compensation claims incurred but not reported at December 31, 2009 and 2008 of \$944,000 and \$1,109,000, respectively.

### **Post Retirement Benefits**

Management records an accrual for postretirement costs associated with the health care plan sponsored by Core Molding Technologies. Should actual results differ from the assumptions used to determine the reserves, additional provisions may be required. In particular, increases in future healthcare costs above the assumptions could have an adverse effect on Core Molding Technologies' operations. The effect of a change in healthcare costs is described in Note 10 of the Consolidated Financial Statements. Core Molding Technologies recorded a liability for postretirement healthcare benefits based on actuarially computed estimates of \$18,744,000 at December 31, 2009, and \$15,878,000 at December 31, 2008. The increase in the liability is attributable to an unrecognized loss of \$1,895,000 and an increase to the liability of \$1,556,000 related to service and interest costs. This was offset by benefit payments of \$585,000 recorded in 2009.

### **Revenue Recognition**

Revenue from product sales is recognized at the time products are shipped and title transfers. Allowances for returned products, chargebacks and other credits are estimated and recorded as revenue is recognized. Tooling revenue is recognized when the customer approves the tool and accepts ownership. Progress billings and expenses are shown net as an asset or liability on the Company's balance sheet. Tooling in progress can fluctuate significantly from period to period and is dependent upon the stage of tooling projects and the related billing and expense payment timetable for individual projects and therefore does not necessarily reflect projected income or loss from tooling projects. At December 31, 2009 the Company recorded a net liability related to tooling in progress of \$485,000, which represents approximately \$2,424,000 of progress tooling billings and \$1,939,000 of progress tooling expenses. At December 31, 2008 the Company recorded a net liability related to tooling in progress of \$212,000, which represents approximately \$3,555,000 of progress tooling billings and \$3,343,000 of progress tooling expenses.

### **Income Taxes**

Management records a valuation allowance to reduce its deferred tax assets to the amount that it believes is more likely than not to be realized. The Company has considered future taxable income in assessing the need for a valuation allowance and has not recorded a valuation allowance due to anticipating it being more likely than not that the Company will realize these benefits.

An analysis is performed to determine the amount of the deferred tax asset that will be realized. Such analysis is based upon the premise that the Company is and will continue as a going concern and that it is more likely than not that deferred tax benefits will be realized through the generation of future taxable income. Management reviews all available evidence, both positive and negative, to assess the long-term earnings potential of the Company using a number of alternatives to evaluate financial results in economic cycles at various industry volume conditions. Other factors considered are the Company's relationships with its two largest customers (Navistar and PACCAR), and any recent customer diversification efforts. The projected availability of taxable income to realize the tax benefits from net operating loss carryforwards and the reversal of temporary differences before expiration of these benefits are also

considered. Management believes that, with the combination of available tax planning strategies and the maintenance of its relationships with its key customers, earnings are achievable in order to realize the net deferred tax asset of \$6,732,000.

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Management recognizes the financial statement effects of a tax position when it is more likely than not the position will be sustained upon examination. Management has recognized all tax positions as of December 31, 2009. The deferred tax asset of \$6,732,000 at December 31, 2009 primarily includes temporary differences relating to post-retirement and pension benefits of \$6,728,000 as well as temporary differences between the book and tax value for inventory reserves and accrued liabilities of approximately \$1,065,000. These are partially offset by a deferred tax liability related to property, plant and equipment of \$1,227,000.

### **Inflation**

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. With the current economic conditions, inflation may not be a great concern; however, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross profit and selling, general and administrative expenses as a percentage of net sales if the selling prices of our products do not increase with these increased costs.

### **Recent Accounting Pronouncements**

In June 2009, FASB issued a standard regarding the FASB Accounting Standards Codification<sup>TM</sup> (the Codification), and the hierarchy of generally accepted accounting principles, which replaces the standard previously issued by the FASB regarding the hierarchy of generally accepted accounting principles (GAAP) in the United States. This standard identifies the source of accounting principles and the framework for selecting the principles used in the preparation of financial statements of non-governmental entities that are presented in conformity with GAAP (the GAAP hierarchy).

In addition, this standard establishes the Codification as the single source of authoritative GAAP recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with GAAP. All guidance contained in the Codification carries an equal level of authority. This standard was effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company adopted this standard during the third quarter of 2009 and its adoption did not have a significant impact on its financial statements.

In December 2008, the FASB issued a standard to amend guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. This standard is effective for fiscal years ending after December 15, 2009 with earlier adoption permitted. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In February 2008, the FASB issued a standard, which delayed the effective date of accounting for all nonrecurring fair value measurements of non-financial assets and liabilities until fiscal years beginning after November 15, 2008. The Company has not recorded any nonrecurring fair value measurements of non-financial assets and liabilities since adopting this standard on January 1, 2009.

In April 2009, the FASB issued a standard to provide additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. This standard is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted. The adoption of this standard did not have a material impact on the Consolidated Financial Statements.

In June 2009, the FASB issued a standard to amend certain requirements of accounting for consolidation of variable interest entities, to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on the first fiscal year that begins after November 15, 2009 with early adoption prohibited. The Company is currently reviewing the additional requirements to determine the impact on the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

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**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Core Molding Technologies' primary market risk results from changes in the price of commodities used in its manufacturing operations. Core Molding Technologies is also exposed to fluctuations in interest rates and foreign currency fluctuations associated with the Mexican peso. Core Molding Technologies does not hold any material market risk sensitive instruments for trading purposes.

Core Molding Technologies has the following five items that are sensitive to market risks: (1) Industrial Revenue Bond ( IRB ) with a variable interest rate (although the Company has an interest rate swap to fix the interest rate at 4.89%); (2) the Revolving Line of Credit and \$8,000,000 Mexican loan payable under the Credit Agreement, each of which bears a variable interest rate; (3) \$12,000,000 Capex loan payable with a variable interest rate (although the Company has an interest rate swap to fix the interest rate at 2.3%) (4) bank Term loan under the Credit Agreement, with a variable interest rate. The Company has an interest rate swap to fix the interest rate for the foregoing at 5.75%; (5) foreign currency purchases in which the Company purchases Mexican pesos with United States dollars to meet certain obligations that arise due to operations at the facility located in Mexico; and (6) raw material purchases in which Core Molding Technologies purchases various resins for use in production. The prices of these resins are affected by the prices of crude oil and natural gas as well as processing capacity versus demand.

Assuming a hypothetical 10% increase in commodity prices, Core Molding Technologies would be impacted by an increase in raw material costs, which would have an adverse effect on operating margins.

Assuming a hypothetical 10% change in short-term interest rates would impact the Company in both 2009 and 2008.

It would have impacted the interest paid on the Company's Line of Credit and the \$8,000,000 Mexican loan payable. The interest rate on these loans is impacted by LIBOR. Although a 10% change in short-term interest rates would impact the interest paid by the Company, it would not have a material effect on earnings before tax.

A 10% change in future interest rate curves would significantly impact the fair value of the Company's interest rate swaps with an offset to other comprehensive income.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders

Core Molding Technologies, Inc.

Columbus, Ohio

We have audited the accompanying consolidated balance sheet of Core Molding Technologies, Inc. and Subsidiaries (the Company) as of December 31, 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended. In connection with our audit of the consolidated financial statements, we have also audited the financial statement schedule listed in the accompanying index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Core Molding Technologies, Inc. and Subsidiaries as of December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Crowe Horwath LLP

Columbus, Ohio

April 7, 2010

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of  
Core Molding Technologies, Inc.  
Columbus, Ohio

We have audited the accompanying consolidated balance sheet of Core Molding Technologies, Inc. and subsidiaries (the Company) as of December 31, 2008, and the related consolidated statements of income, stockholders' equity, cash flows and financial statement schedule for each of the two years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Core Molding Technologies, Inc. and subsidiaries at December 31, 2008, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

*/s/ Deloitte and Touche LLP*

Columbus, OH

April 1, 2009

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Consolidated Statements of Income**

	<b>Years Ended December 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Net sales:</b>			
Products	\$ 76,166,975	\$ 110,538,646	\$ 101,045,056
Tooling	7,171,701	6,116,189	21,666,831
<b>Total sales</b>	<b>83,338,676</b>	<b>116,654,835</b>	<b>122,711,887</b>
<b>Total cost of sales</b>	<b>71,913,360</b>	<b>95,445,252</b>	<b>105,743,905</b>
<b>Gross margin</b>	<b>11,425,316</b>	<b>21,209,583</b>	<b>16,967,982</b>
<b>Total selling, general, and administrative expense</b>	<b>8,939,820</b>	<b>12,019,998</b>	<b>11,398,760</b>
<b>Income before interest and income taxes</b>	<b>2,485,496</b>	<b>9,189,585</b>	<b>5,569,222</b>
Interest income			542,167
Interest expense	(951,051)	(689,135)	(717,162)
<b>Income before income taxes</b>	<b>1,534,445</b>	<b>8,500,450</b>	<b>5,394,227</b>
Income taxes:			
Current	(608,815)	2,866,659	1,540,421
Deferred	1,125,555	(9,695)	127,333
<b>Total income taxes</b>	<b>516,740</b>	<b>2,856,964</b>	<b>1,667,754</b>
<b>Net income</b>	<b>\$ 1,017,705</b>	<b>\$ 5,643,486</b>	<b>\$ 3,726,473</b>
<b>Net income per common share:</b>			
Basic	\$ .15	\$ .84	\$ .43
Diluted	\$ .15	\$ .81	\$ .41
<b>Weighted average common shares outstanding:</b>			
Basic	6,772,065	6,742,316	8,686,905
Diluted	6,824,552	6,992,249	9,004,429

See notes to consolidated financial statements.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Consolidated Balance Sheets**

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 4,141,838	\$
Accounts receivable (less allowance for doubtful accounts: 2009 - \$113,000 and 2008 - \$109,000)	11,936,335	15,435,103
Inventories:		
Finished goods	863,166	3,533,246
Work in process	1,253,975	1,458,602
Stores	4,896,221	4,740,375
Total inventories, net	7,013,362	9,732,223
Deferred tax asset	1,195,831	1,869,198
Foreign sales tax receivable	652,155	584,230
Taxes receivable	562,176	
Prepaid expenses and other current assets	1,021,093	876,094
Total current assets	26,522,790	28,496,848
Property, plant, and equipment	81,670,080	71,970,638
Accumulated depreciation	(36,726,836)	(33,155,187)
Property, plant, and equipment net	44,943,244	38,815,451
Deferred tax asset	5,535,735	5,318,623
Goodwill	1,097,433	1,097,433
Customer list/ Non-compete		37,139
Other assets	42,028	65,598
<b>Total</b>	<b>\$ 78,141,230</b>	<b>\$ 73,831,092</b>
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Current portion long-term debt	\$ 3,675,005	\$ 2,905,716
Notes payable line of credit		1,193,965
Accounts payable	4,805,468	6,866,388
Tooling in progress	484,786	212,065
Current portion of postretirement benefits liability	667,000	520,000
Accrued liabilities:		
Compensation and related benefits	2,400,587	4,715,884
Interest payable	102,069	96,103
Taxes		427,972
Other	800,912	928,080

Total current liabilities	12,935,827	17,866,173
Long-term debt	17,732,842	11,129,184
Interest rate swaps	198,809	502,381
Postretirement benefits liability	18,076,696	15,357,897
<b>Total Liabilities</b>	<b>48,944,174</b>	<b>44,855,635</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity:</b>		
Preferred stock \$0.01 par value, authorized shares 10,000,000; outstanding shares: 2009 and 2008 0		
Common stock \$0.01 par value, authorized shares 20,000,000; outstanding shares: 2009 6,799,641 and 2008 6,765,790	67,996	67,658
Paid-in capital	23,336,197	23,002,472
Accumulated other comprehensive loss, net of income tax effect	(2,223,146)	(1,092,977)
Treasury stock	(26,179,054)	(26,179,054)
Retained earnings	34,195,063	33,177,358
Total stockholders' equity	29,197,056	28,975,457
<b>Total</b>	<b>\$ 78,141,230</b>	<b>\$ 73,831,092</b>

See notes to consolidated financial statements.

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**Core Molding Technologies, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
**for the Years Ended December 31, 2009, 2008, and 2007**

	Common Stock		Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income		Treasur Stock	Total Stockholders Equity
	Outstanding Shares	Amount			(Loss)			
<b>Balance at December 31, 2006</b>	10,204,607	\$ 102,046	\$ 21,872,723	\$ 23,738,946	\$ (3,019,315)	\$	\$ 42,694,400	
Net Income	&n							