

CORE MOLDING TECHNOLOGIES INC

Form 10-K

March 29, 2011

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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, 2010**

**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

(State or other jurisdiction of incorporation or  
organization)

31-1481870

(I.R.S. Employer Identification No.)

800 Manor Park Drive, Columbus, Ohio

(Address of principal executive offices)

43228 - 0183

(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 \$0.01

NYSE Amex

Preferred Stock purchase rights, par value \$0.01

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.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No   
As of June 30, 2010, the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant was approximately \$34,949,084, based upon the closing sale price of \$5.45 on the NYSE Amex on June 30, 2010, the last business day of registrant's most recently completed second fiscal quarter. As of the close of business on March 25, 2011, the number of shares of registrant's common stock outstanding was 7,102,343.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's 2011 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 Company as 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 (9.3%) 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 of 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; safety and security conditions in Mexico; 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; and

dent-resistance in comparison to steel or aluminum.

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



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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.

The North American truck market in which Navistar and PACCAR compete 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.

**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 Springfield, Ohio; Garland, Texas; Tulsa, Oklahoma; and Escobedo, Mexico assembly plants. 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. Sales to Navistar amounted to approximately 55% and 54% of total sales for 2010 and 2009, respectively.

**Relationship with PACCAR**

In April 2007, the Company entered into a Supply Agreement with PACCAR to supply certain fiberglass reinforced products. While the Company continues to operate under substantially the same terms of the Supply Agreement, the Supply Agreement expired on June 30, 2010. Management of the Company does not believe the expiration of the Supply Agreement poses a substantial risk to the Company. The Company is currently in the process of negotiating a new Supply Agreement with PACCAR.

The Company makes products for PACCAR s Chillicothe, Ohio; Denton, Texas; Renton, Washington; St. Therese (Canada); and Mexicali, Mexico assembly plants. The Company also works closely on new product development with PACCAR s engineering and research personnel. Products sold to PACCAR include hoods, roofs, back panels, air deflectors, air fairings,



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fenders, splash panels, and other components. Sales to PACCAR amounted to approximately 27% and 29% of total sales in 2010 and 2009, respectively.

**OTHER CUSTOMERS**

The Company also produces products for other truck manufacturers, the automotive industry, 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 these customers amounted to approximately 18% and 17% of total sales in 2010 and 2009, 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 \$14,531,000 and \$7,059,000 for the years ended 2010 and 2009, respectively. These export sales dollars represent approximately 15% and 8% of total sales for 2010 and 2009, 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 \$28,323,000 and \$16,442,000 for the years ended 2010 and 2009, respectively. The sales of products imported were approximately 28% and 20% of total sales in 2010 and 2009, respectively. The increase in import sales in 2010 is a result of transferring certain production lines from the Company's Columbus facility to its Matamoros, Mexico facility as well as the overall increase in production of North American medium and heavy-duty trucks.

The Company owns long-lived assets at its Matamoros, Mexico facility with a net book value of \$23,848,000 at December 31, 2010.

**PRODUCTS**

**Sheet Molding Compound ( SMC )**

SMC is a combination of resins, fiberglass, catalysts, and fillers compounded and cured in sheet form, which 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 in the process of compounding various complex SMC formulations tailored to customer needs. The program 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 annually. The following table shows production of SMC for 2010 and 2009.

Year	SMC Pounds Produced (Millions)
2010	18
2009	14

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**Glass Mat Thermoplastic Compound ( GMT )**

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

**Closed Molded Products**

The Company manufactures reinforced plastic products using 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 high volume products, which is necessary to justify the customers investment in molds.

As of December 31, 2010, the Company owned 15 compression-molding presses in its Columbus, Ohio plant, which range in size from 500 to 4,500 tons. The Company also owns 7 presses in its Gaffney, South Carolina plant, which range in size from 1,000 to 3,000 tons and 10 presses in its Matamoros, Mexico manufacturing facility ranging from 250 to 3,000 tons.

Large platen, high tonnage presses (2,000 tons or greater) 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 the process of 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.

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 used for cosmetic purposes 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 is then 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. The 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 shape desired. Parts used for cosmetic purposes typically 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.

**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



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removed from the mold and is then trimmed to the desired shape. Parts used for cosmetic purposes 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 gel-coating 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, prime painted, or topcoat 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 for higher volume applications that require top coat 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, gel-coat, 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 price fluctuations for certain materials, which has caused suppliers to be reluctant to enter into long-term contracts. The Company generally has supplier alternatives for each raw material, regularly evaluates its supplier base for certain supplies, repair items, and componentry to improve its overall purchasing position.

### **BACKLOG**

The Company relies on production schedules provided by its customers to plan and implement production. These schedules are normally provided on a weekly basis and typically considered firm for four weeks. Some customers can update these schedules daily for changes in demand, allowing them to run their inventories on a just-in-time basis. The ordered backlog was approximately \$8.9 million and \$6.8 million at December 31, 2010 and 2009, respectively, all of which the Company expects to ship during the first quarter of the following year.

### **CAPACITY CONSTRAINTS**

In the past, the Company has been required to work an extended shift and day schedule, up to a three shift/seven day 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 2011 production schedules, the Company has not had and does not anticipate difficulty meeting customer requirements for 2011. Based on industry analysts' forecasts for medium and heavy-duty truck production levels for 2012 and beyond, combined with recent business awards, the Company expects to add production capacity to its Matamoros facility to meet 2012 demand. See further discussion of machine and facility capacities at Item 2 Properties contained elsewhere in this Annual Report on Form 10-K.

### **CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT**

Capital expenditures totaled approximately \$2.2 million and \$10.1 million in 2010 and 2009, respectively. Capital expenditures in 2010 consist of building improvements and purchases of production equipment to manufacture parts. In 2009 capital expenditures consisted primarily of investments related to the Company's new manufacturing facility in Mexico.

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.



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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 costs related to research and development were approximately \$249,000 and \$181,000 in 2010 and 2009, 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 manufacturing 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 a 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. The Company has applied and continues to work with the Ohio EPA and the South Carolina Department of Health and Environmental Control to finalize renewal of the Title V Operating Permit for each of its US facilities.

The Company holds various environmental operating permits for its production facility in Matamoros, Mexico as required by US and Mexican state and federal regulations. The Company has substantially complied with all requirements of these operating permits.

### **EMPLOYEES**

As of December 31, 2010, the Company employed a total of 1,014 employees, which consists of 405 employees in its United States operations and 609 employees in its Mexican operations. Of these 1,014 employees, 164 are covered by a collective bargaining agreement with the International Association of Machinists and Aerospace Workers ( IAM ), which extends to August 10, 2013, and 522 are covered by a collective bargaining agreement with Sindicato de Jornaleros y Obreros, which extends to January 16, 2013.

### **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.

### **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 a result, demand for the Company's products typically decreases during the third and fourth quarters. Demand for medium and heavy-duty trucks, personal watercraft, and automotive products also fluctuate on an economic, 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.





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**We are dependent on sales to our major customers.**

Sales to Navistar and PACCAR constituted approximately 55% and 27%, respectively, of our 2010 total sales. No other customer accounted for more than 10% of our total 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, and 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 2010 approximately 92% 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.

**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 original equipment manufacturers ( 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,

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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, 2010, unions at our Columbus, Ohio and Matamoros, Mexico facilities represented approximately 68% 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 10, 2013 and January 16, 2013, 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.

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 affect 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,



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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.

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.



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

Our debt agreements contain certain 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 by Navistar to its Escobedo, Mexico assembly plant. In 2010 the Company incurred \$1.47 million of expense for transfer and startup costs and \$1.32 million in capital costs associated with this production shift to Matamoros.

**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.

**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 two 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





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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. Having transferred certain of our production lines to Matamoros, Mexico in recent years, our operations in Mexico have increased materially, and accordingly our exposure to the aforementioned risks relating to foreign operations has increased. 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.**

Over the last several years financial markets experienced turmoil and uncertainty that required significant intervention of the U.S. federal government. While the ultimate outcome of these 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.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**Table of Contents****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 2011 production volume. Based on industry analysts forecasts for medium and heavy-duty truck production levels for 2012 and beyond, combined with recent business awards and to allow for further growth, the Company expects to add production capacity to its Matamoros facility in 2011.

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 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>

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 Company measures facility capacity in terms of its large molding presses (2,000 tons or greater) for the Columbus, Ohio, Gaffney, South Carolina and the SMC molding portion at the Matamoros, Mexico facility. The approximate large press capacity

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utilization for the molding of production products in these production facilities was 39% in the fourth quarter of both 2010 and 2009, respectively. The Company had 15 large molding presses at December 31, 2010, compared to 14 at December 31, 2009. Capacity utilization is measured on the basis of a five day, three-shifts per day operation.

The capacity of production in the Cincinnati, Ohio facility and the spray-up, hand-lay-up and RTM portion at the Matamoros, Mexico facility are not linked directly to equipment capacities, due to the nature of the products produced. Capacity of these operations is tied to available floor space and the availability of personnel. The approximate capacity utilization for these operations was 56% and 41% in the fourth quarters of 2010 and 2009, respectively.

**ITEM 3. LEGAL PROCEEDINGS**

From time to time, the Company is involved in litigation incidental to the conduct of its business. 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. (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.

Core Molding Technologies, Inc.		High	Low
Fourth Quarter	2010	\$ 6.07	\$ 4.29
Third Quarter	2010	6.15	3.99
Second Quarter	2010	6.12	3.40
First Quarter	2010	3.80	2.85
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

The Company's common stock was held by 345 holders of record on March 24, 2011.

The Company made no payments of cash dividends during 2010 and 2009. 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, 2010:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options or Vesting of Restricted Grants	Weighted Average Exercise Price of Outstanding Options or Restricted Grants	Number of Shares Remaining Available for Future Issuance
Equity compensation plans approved by stockholders	568,422	\$ 3.56	1,814,766
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>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Operating Data:</b>					
Product sales	\$ 89,903	\$ 76,167	\$ 110,539	\$ 101,045	\$ 150,174
Tooling sales	10,355	7,172	6,116	21,667	12,156
Net sales	100,258	83,339	116,655	122,712	162,330
Gross margin	16,349	11,425	21,210	16,968	29,869
Income before interest and taxes	6,417	2,485	9,190	5,569	15,856
Net income	2,433	1,107	5,741	3,829	10,519
<b>Earnings Per Share Data:</b>					
Net income per common share:					
Basic	.36	.16	.85	.44	1.04
Diluted	.34	.16	.82	.43	1.01
<b>Balance Sheet Data:</b>					
Total assets	79,062	79,176	74,676	62,467	90,635
Working capital	14,916	13,587	10,631	6,253	27,575
Long-term debt	13,581	17,733	11,129	5,914	7,779
Stockholders' equity	38,065	30,232	29,820	22,599	43,823
Return on Equity	6%	4%	19%	17%	24%

**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; safety and security conditions in Mexico; 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 manufacturer of sheet molding compound ( SMC ) and molder of fiberglass reinforced plastics, primarily for the medium and heavy-duty truck market, which accounted for approximately 92% and 93% of 2010 and 2009 product sales, respectively. 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 in 2010 of \$2,433,000 or \$0.36 per basic and \$0.34 per diluted share, compared with \$1,107,000 or \$0.16 per basic and diluted share, in 2009. Product sales in 2010 increased 18% from 2009 product sales, which is primarily the result of increased demand from North American medium and heavy-duty truck customers as well as increased sales from recent business awards.

Negatively impacting the Company's net income for the year ended December 31, 2010 were increases in deferred tax expense and certain other charges. In March 2010, Congress passed the Patient Protection and Affordable Care Act ( PPACA ) which repealed the tax benefits the Company previously received related to certain retiree prescription drug costs. As a result of this change, the Company reduced its deferred tax asset related to that subsidy and recorded a non-cash charge to income tax expense of \$1,021,000 in the first quarter of 2010. The Company also incurred approximately \$1,467,000, or \$968,000, net of tax, of expense for costs associated with transferring certain operations from its Columbus, Ohio to its Matamoros, Mexico facilities. Excluding these charges, and considering the associated increase in profit sharing expense of \$293,000, or \$194,000 net of tax, income would have been \$4,228,000, or \$0.62 per basic share and \$0.60 per diluted share.

In 2009 the Company recorded approximately \$2,001,000, or \$1,321,000 net of tax, of expense for transfer and start-up costs associated with the Company's new production facility in Matamoros, Mexico. Excluding these costs, the Company's 2009 net income would have been \$2,428,000, or \$0.36 per basic and diluted share.

Looking forward the Company anticipates 2011 sales levels to continue to increase as industry analysts are forecasting increases in truck production in 2011 as compared to 2010.

**RESULTS OF OPERATIONS****2010 COMPARED WITH 2009**

Sales for 2010 totaled \$100,258,000, an approximate 20% increase from \$83,339,000 reported for 2009. Included in total sales are tooling project revenues of \$10,355,000 for 2010 and \$7,172,000 for 2009. Tooling project sales result from billings to customers primarily for molds and assembly equipment specific to their products as well as other non production billings. These sales are sporadic in nature and fluctuate in regard to scope and related revenue on a period-to-period basis. Total product sales for 2010, excluding tooling project revenue, totaled \$89,903,000, an 18% increase from the \$76,167,000 reported for 2009. The primary reasons for the increase were higher demand from North American medium and heavy-duty truck customers as well as recent business awards. Increased demand for the Company's existing products had a favorable impact on product sales of \$8,309,000. Awards of new business had a favorable impact on product sales of \$8,134,000. The increases were offset by the effects of product pricing which decreased 2010 sales by approximately \$2,707,000. The decrease in pricing was primarily the result of the transfer of certain products to the Company's Matamoros production facility.

Sales to Navistar in 2010 totaled \$55,138,000, an approximate 23% increase from the 2009 amount of \$44,678,000. Included in total sales are tooling sales of \$7,434,000 and \$3,050,000 in 2010 and 2009, respectively. Included in 2010 tooling sales were approximately \$2,809,000 of billings to Navistar for services provided and expenses incurred in connection with the relocation of certain production lines from the Company's Columbus, Ohio production facility to its Matamoros production facility. Product sales to Navistar increased by 15% in 2010 as compared to 2009. The primary reason for the increase was higher demand for North American medium and heavy-duty trucks. The increase was partially off-set by decreased pricing for certain products transferred to the Company's Matamoros, Mexico production facility.

Sales to PACCAR in 2010 totaled \$26,736,000, an approximate 11% increase from the 2009 amount of \$24,184,000. Included in total sales are tooling sales of \$1,632,000 and \$1,069,000 in 2010 and 2009, respectively. Product sales to PACCAR increased 9% in 2010 as compared to 2009. The primary reason for the increase was higher demand from the medium and heavy-duty truck markets as noted above. Total product sales to PACCAR were negatively impacted by lower sales for a product that has reached the end of its production life, which had the effect of reducing overall PACCAR product sales increases by approximately 7%.

Sales to other customers in 2010 totaled \$18,383,000, an approximate 27% increase from 2009 sales of \$14,477,000. Included in sales are tooling sales of \$1,288,000 and \$3,053,000 in 2010 and 2009, respectively. Product sales to other customers increased by \$3,907,000 in 2010 as compared to 2009, with approximately 75% of the increase resulting from increased product sales to other medium and heavy-duty truck manufacturers. The remaining increase in other

product sales was due to increased

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demand for the Company's products from customers outside the medium and heavy-duty truck market. Gross margin was approximately 16% of sales in 2010 compared to 14% of sales in 2009. Contributing approximately 3% to gross margin as a percent of sales in 2010 was higher fixed cost absorption due to higher production volumes. The Company's manufacturing operations have significant overhead costs which do not change proportionately with production. Labor and benefit costs decreased by 2% of sales, which also contributed favorably to gross margin. The Company incurred approximately \$1,467,000 in transition costs related to the movement of product lines from its Columbus, Ohio facility to its Matamoros, Mexico facility during 2010. Included in 2009 cost of sales were approximately \$1,783,000 of transfer and start-up costs associated with the construction of the Company's new production facility in Mexico. These costs had an unfavorable impact of approximately 1.5% and 2% of sales in 2010 and 2009, respectively. The decrease in transition costs contributed approximately 0.5% of sales to gross margin in 2010. Partially offsetting these increases were higher material costs and a change in sales mix in 2010 which negatively impacted gross margin by 2.5% and 1%, respectively.

Selling, general, and administrative expenses ( SG&A ) totaled \$9,931,000 in 2010, increasing from \$8,940,000 in 2009. The primary reason for the increase was higher benefit costs including employee profit sharing expense of \$755,000. Also contributing to the increase were increases in travel costs and professional services costs of approximately \$100,000 and \$78,000, respectively, in 2010.

Net interest expense totaled \$1,342,000 for the year ended December 31, 2010, compared to net interest expense of \$951,000 for the year ended December 31, 2009. The primary cause of the increase was mark-to-market adjustments on the Company's interest rate swaps. In 2010 approximately \$234,000 of expense was recorded related to the mark to market of the Company's interest rate swaps, compared to \$210,000 of income related to interest rate swaps for 2009. Additionally, the Company capitalized interest of approximately \$167,000 in 2009 related to construction of its new production facility in Mexico which was placed into service in June 2009. Excluding interest related to swaps, interest costs in 2010 were lower due to reduced interest rates as a result of a May 11, 2010 amendment to the Company's Credit Agreement as well as lower average outstanding debt balances.

Income tax expense was approximately 52% and 28% of total income before taxes in 2010 and 2009, respectively. The increase in the Company's effective tax rate in 2010, as compared to 2009, is due to the impact of the write off of certain deferred tax assets of \$1,021,000. The deferred tax write off was due to the passage of the Patient Protection and Affordable Care Act ( PPACA ) which repealed the tax benefit associated with certain retiree prescription drug subsidies previously recorded by the Company. Without this charge the Company's effective tax rate was 32% in 2010. Net income for 2010 was \$2,433,000 or \$0.36 per basic and \$0.34 per diluted share, representing an increase of \$1,326,000 from the 2009 net income of \$1,107,000 or \$0.16 per basic and diluted share.

**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.

On December 9, 2008, the Company and its wholly owned subsidiary, CoreComposites de Mexico, S. de R.L. de C.V., entered into a Credit Agreement to refinance some existing debt and borrow funds to finance the construction of the Company's new manufacturing facility in Mexico.

Under this Credit Agreement, the Company received certain loans, subject to the terms and conditions stated in the agreement, which included (1) a \$12,000,000 Capex loan; (2) an \$8,000,000 Mexican loan; (3) an \$8,000,000 revolving line of credit; (4) a \$2,678,563 term loan to refinance an existing term loan; and (5) 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. The Credit Agreement is secured by a guarantee of each U.S. subsidiary of the Company, and by a lien on substantially all of the present and future assets of the Company and its U.S. subsidiaries, except that only 65% of the stock issued by CoreComposites de Mexico, S. de C.V. has been pledged. The \$8,000,000 Mexican loan is also secured by substantially all of the present and future assets of the Company's Mexican subsidiary.

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



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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) retroactive modification of 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.

On May 11, 2010, the Company entered into a fifth amendment (the Fifth Amendment) to the Credit Agreement. Pursuant to the terms of the Fifth Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included (1) a decrease in the applicable margin for interest rates to 275 basis points from 375 basis points for the Capex and Mexican loans and the revolving line of credit, effective May 1, 2010 and (2) an extension of the commitment for the revolving line of credit to April 30, 2012.

Cash provided by operating activities totaled \$7,367,000. Net income contributed \$2,433,000 to operating cash flow. Non-cash deductions for depreciation and amortization contributed \$3,949,000 and a reduction of deferred income tax assets favorably impacted operating cash flow by \$1,225,000. The partial settlement of the post retirement benefits liability used cash of approximately \$1,257,000. Changes in working capital reduced cash provided by operating activities by \$366,000 due to increases in accounts receivable and inventory, which were partially offset by increases in accounts payable and accrued liabilities.

Cash used for investing activities was \$2,206,000 for the year ended December 31, 2010, which primarily represents additional investment made in the Company's new manufacturing facility in Mexico as well as the acquisition of machinery and equipment at all of the Company's production facilities. Commitments for capital expenditures were \$184,000 at December 31, 2010.

Planned capital expenditures for 2011 are approximately \$4,200,000. As previously discussed the Company expects to add additional capacity to its Matamoros facility to meet demand in 2012 and beyond. Given these capacity needs management is evaluating the specific production capacity requirements and is likely to commit additional capital spending of \$10 million to \$13 million in 2011.

Cash used in financing activities was \$3,646,000 in 2010. The primary financing activities were principal payments on the capex loan, term loan and industrial revenue bond.

At December 31, 2010, the Company had cash on hand of \$5,657,000 and an available line of credit of \$8,000,000 (Line of Credit), which is scheduled to mature on April 30, 2012. At December 31, 2010 and 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' planned liquidity needs. However, the Company may seek additional bank funding as deemed necessary to support the additional capital needs as mentioned above.

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, 2010, 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 2011 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,

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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.

The following table provides aggregated information about the maturities of contractual obligations and other long-term liabilities as of December 31, 2010:

	2011	2012	2013	2014	2015	2016 and after	Total
Debt	\$ 4,151,000	\$ 7,840,000		\$ 5,028,000		\$ 714,000	\$ 17,733,000
Line of credit							
Interest	633,000	735,000		208,000		7,000	1,583,000
Operating lease obligations	316,000	179,000					495,000
Contractual commitments for capital expenditures	184,000						184,000
Post retirement benefits	933,000	1,360,000		1,447,000		7,097,000	10,837,000
Total	\$ 6,217,000	\$ 10,114,000		\$ 6,683,000		\$ 7,818,000	\$ 30,832,000

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, 2010, 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, 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 \$118,000 at December 31, 2010 and \$113,000 at December 31, 2009. 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 \$695,000 at December 31, 2010 and \$519,000 at December 31, 2009.

**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 \$750,000 at December 31, 2010 and \$762,000 at December 31, 2009.





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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, 2010 and 2009. 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, 2010 and 2009 of \$1,041,000 and \$944,000, respectively.

### **Post Retirement Benefits**

Management records an accrual for post retirement costs associated with the health and life insurance 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. As described in Note 10, in August 2010, the Company eliminated its health and life insurance post retirement benefits for all current and future represented employees who had not retired as of August 7, 2010. The elimination of benefits resulted in a reduction of the Company's post retirement health and life insurance benefits liability of \$10,282,000. Core Molding Technologies had a liability for post retirement health and life insurance benefits based on actuarially computed estimates of \$10,837,000 at December 31, 2010, and \$18,744,000 at December 31, 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, 2010 the Company recorded a net liability related to tooling in progress of \$320,000, which represents approximately \$2,697,000 of progress tooling billings and \$2,377,000 of progress tooling expenses. 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.

### **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

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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 \$3,910,000.

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, 2010.

The net deferred tax asset of \$3,910,000 at December 31, 2010 consists primarily of temporary differences relating to post-retirement health and life insurance benefits of \$3,903,000, as well as temporary differences between the book and tax value for accrued liabilities, inventory reserves, and accounts receivable of approximately \$1,467,000. These are partially offset by a deferred tax liability related to property, plant and equipment of \$1,460,000.

**Inflation**

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. 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, the FASB issued authoritative guidance on the consolidation of variable interest entities ( VIE ), which was effective for our first fiscal quarter of 2010. The new guidance requires a qualitative approach to identify a controlling financial interest in a VIE, and requires ongoing assessment of whether an entity is a VIE and whether an interest in a VIE makes the holder the primary beneficiary of the VIE. The adoption of this guidance did not have a material effect on our consolidated financial statements.

**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 six 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) Revolving Line of Credit and Mexican loan payable under the Credit Agreement, each of which bears a variable interest rate; (3) Capex loan payable with a variable interest rate (although the Company has an interest rate swap to fix the variable portion of the applicable interest rate at 2.3%); (4) bank Term loan under the Credit Agreement, with a variable interest rate (although the Company has an interest rate swap to fix the interest rate 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 and fiberglass for use in production. The prices and availability of these materials 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, interest paid on the Company s Line of Credit and the Mexican loan would have been impacted in 2010 and 2009. The interest rate on these loans is based upon 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.

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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 sheets of Core Molding Technologies, Inc. and Subsidiaries (the Company ) as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders equity, and cash flows for the years then ended. In connection with our audits 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 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 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 audits provide 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, 2010 and 2009, and the results of their operations and their cash flows for the years 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 consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Crowe Horwath LLP

Columbus, Ohio

March 29, 2011

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

	<b>Years Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Net sales:</b>		
Products	\$ 89,903,012	\$ 76,166,975
Tooling	10,354,632	7,171,701
<b>Total sales</b>	100,257,644	83,338,676
<b>Total cost of sales</b>	83,908,976	71,913,360
<b>Gross margin</b>	16,348,668	11,425,316
<b>Total selling, general, and administrative expense</b>	9,931,351	8,939,820
<b>Income before interest and income taxes</b>	6,417,317	2,485,496
Interest expense	1,341,734	951,051
<b>Income before income taxes</b>	5,075,583	1,534,445
Income taxes:		
Current	1,665,551	(608,815)
Deferred	976,960	1,036,189
<b>Total income taxes</b>	2,642,511	427,374
<b>Net income</b>	\$ 2,433,072	\$ 1,107,071
<b>Net income per common share:</b>		
Basic	\$ .36	\$ .16
Diluted	\$ .34	\$ .16
<b>Weighted average common shares outstanding:</b>		
Basic	6,846,993	6,772,065
Diluted	7,067,020	6,824,552

See notes to consolidated financial statements.



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

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,656,865	\$ 4,141,838
Accounts receivable (less allowance for doubtful accounts: 2010 \$118,000 and 2009 \$113,000)	14,746,138	11,936,335
Inventories:		
Finished goods	1,491,886	863,166
Work in process	1,125,153	1,253,975
Stores	5,791,491	4,896,221
Total inventories, net	8,408,530	7,013,362
Deferred tax asset	1,390,928	1,195,831
Foreign sales tax receivable	1,001,039	652,155
Income tax receivable		562,176
Prepaid expenses and other current assets	874,041	1,021,093
Total current assets	32,077,541	26,522,790
Property, plant, and equipment	83,657,334	81,670,080
Accumulated depreciation	(40,314,403)	(36,726,836)
Property, plant, and equipment, net	43,342,931	44,943,244
Deferred tax asset	2,519,567	6,570,802
Goodwill	1,097,433	1,097,433
Other assets	24,793	42,029
<b>Total Assets</b>	<b>\$ 79,062,265</b>	<b>\$ 79,176,298</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities:</b>		
Current liabilities:		
Current portion long-term debt	\$ 4,151,420	\$ 3,675,005
Accounts payable	6,487,983	4,805,468
Tooling in progress	320,041	484,786
Current portion of post retirement benefits liability	933,000	667,000
Accrued liabilities:		
Compensation and related benefits	3,678,692	2,400,587
Interest payable	67,971	102,069
Taxes	456,351	
Other	1,065,727	800,912



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Total current liabilities	17,161,185	12,935,827
Long-term debt	13,581,425	17,732,842
Interest rate swaps	350,916	198,809
Post retirement benefits liability	9,904,000	18,076,696
<b>Total Liabilities</b>	<b>40,997,526</b>	<b>48,944,174</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders Equity:</b>		
Preferred stock \$0.01 par value, authorized shares 10,000,000; outstanding shares: 2010 and 2009 0		
Common stock \$0.01 par value, authorized shares 20,000,000; outstanding shares: 2010 6,880,295 and 2009 6,799,641	68,803	67,996
Paid-in capital	23,790,263	23,336,197
Accumulated other comprehensive income (loss), net of income tax	3,213,197	(1,805,897)
Treasury stock	(26,253,478)	(26,179,054)
Retained earnings	37,245,954	34,812,882
<b>Total Stockholders Equity</b>	<b>38,064,739</b>	<b>30,232,124</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 79,062,265</b>	<b>\$ 79,176,298</b>

See notes to consolidated financial statements.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Consolidated Statements of Stockholders Equity  
for the Years Ended December 31, 2010 and 2009**

	Common Stock Outstanding		Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders Equity
	Shares	Amount					
<b>Balance at December 31, 2008</b>	6,765,790	\$ 67,658	\$ 23,002,472	\$ 33,705,811	\$ (776,175)	\$ (26,179,054)	\$ 29,820,712
Net Income				1,107,071			1,107,071
Change in post retirement benefits, net of tax of \$800,823					(1,094,177)		(1,094,177)
Change in interest rate swaps, net of tax of \$29,076					64,455		64,455
Comprehensive Income							77,349
Restricted stock issued	33,851	338	183,070				183,408
Share-based compensation			150,655				150,655
<b>Balance at December 31, 2009</b>	6,799,641	\$ 67,996	\$ 23,336,197	\$ 34,812,882	\$ (1,805,897)	\$ (26,179,054)	\$ 30,232,124
Net Income				2,433,072			2,433,072
Change in post retirement benefits, net of tax of \$2,739,066					4,946,813		4,946,813
Change in interest rate swaps, net of tax of \$37,236					72,281		72,281
Comprehensive Income							7,452,166
	34,550	346	102,970				103,316

Common stock issued							
Purchase of treasury stock	(14,584)	(146)				(74,424)	(74,570)
Restricted stock issued	60,688	607					607
Share-based compensation			351,096				351,096
<b>Balance at December 31, 2010</b>	6,880,295	\$ 68,803	\$ 23,790,263	\$ 37,245,954	\$ 3,213,197	\$ (26,253,478)	\$ 38,064,739

See notes to consolidated financial statements.

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

	<b>Years Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,433,072	\$ 1,107,071
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	3,949,378	3,855,603
Deferred income taxes	1,224,758	1,036,189
Net post retirement benefits settlement loss	329,609	
Share-based compensation	351,703	334,063
Mark-to-market of interest rate swaps	233,625	(210,041)
(Gain) loss on disposal of assets	(7,823)	31,405
Gain on translation of foreign currency financial statements	(114,372)	(135,769)
Change in operating assets and liabilities:		
Accounts receivable	(2,809,803)	3,498,768
Inventories	(1,395,167)	2,718,861
Prepaid expenses and other assets	(292,890)	(75,086)
Accounts payable	1,769,585	(1,745,662)
Accrued and other liabilities	2,362,605	(3,153,925)
Partial settlement of post retirement benefits liability	(1,256,650)	
Post retirement benefits liability	589,301	972,799
<b>Net cash provided by operating activities</b>	<b>7,366,931</b>	<b>8,234,276</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant, and equipment	(2,227,748)	(10,065,099)
Proceeds from sale of property and equipment	22,100	18,000
<b>Net cash used in investing activities</b>	<b>(2,205,648)</b>	<b>(10,047,099)</b>
<b>Cash flows from financing activities:</b>		
Payment of principal on capex loan	(1,714,286)	(1,000,000)
Payment of principal on term loan	(1,285,716)	(1,285,716)
Payment of principal on industrial revenue bond	(675,000)	(620,000)
Proceeds from issuance of common stock	103,316	
Payments related to purchase of treasury stock	(74,570)	
Gross repayments on revolving line of credit		(34,389,061)
Gross borrowings on revolving line of credit		33,195,096
Financing costs for new credit agreement		(224,321)
Borrowings on construction loans		10,278,663
<b>Net cash (used in) provided by financing activities</b>	<b>(3,646,256)</b>	<b>5,954,661</b>

<b>Net increase in cash and cash equivalents</b>	1,515,027	4,141,838
<b>Cash and cash equivalents at beginning of year</b>	4,141,838	
<b>Cash and cash equivalents at end of year</b>	\$ 5,656,865	\$ 4,141,838
Cash paid during the year for:		
Interest	\$ 1,048,339	\$ 1,146,159
Income taxes (net of tax refunds)	\$ 570,583	\$ 300,958
Non Cash:		
Fixed asset purchases in accounts payable	\$ 51,247	\$ 23,946

See notes to consolidated financial statements.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries****Notes to Consolidated Financial Statements****1. Business Formation, Nature of Operations and Basis of Presentation**

Core Molding Technologies, Inc. and its subsidiaries ( Core Molding Technologies or the Company ) 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 utilizes spray-up and hand-lay-up open mold processes, RTM and SMC closed mold process to produce reinforced plastic products. Core Molding Technologies also sells reinforced plastic products in the automotive-aftermarket industry through one of its subsidiaries, Core Automotive Technologies, doing business as Keystone Restyling Products.

The Company operates in one business segment as a manufacturer of SMC and molder of fiberglass reinforced plastics. The Company produces and sells SMC and molded products for varied markets, including light, medium, and heavy-duty trucks, automobiles and automotive aftermarket, personal watercraft, and other commercial products.

As disclosed in the Company s Quarterly Report on Form 10-Q for the period ended March 31, 2010, the Company determined that certain of its previously filed financial statements contained an error related to the understatement of a deferred tax asset for certain retiree drug subsidies ( RDS ) available to sponsors of retiree health benefit plans that provide a benefit that is at least actuarially equivalent to the benefits under Medicare Part D. In order to assess materiality with respect to these errors, the Company considered Staff Accounting Bulletin ( SAB ) 99, Materiality and SAB 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements, and determined that the impact of these errors on prior period consolidated financial statements was immaterial. Accordingly, the Company s consolidated balance sheet as of December 31, 2009 and the related consolidated statements of income, consolidated statement of stockholders equity and cash flows for the year ended December 31, 2009 were revised and reflect the correction of this immaterial error. Correction of this error in the Company s consolidated balance sheet as of December 31, 2009 resulted in an increase in deferred tax assets of approximately \$1,035,000, an increase to retained earnings of approximately \$618,000 and an increase to accumulated other comprehensive income of approximately \$417,000. For the year ended December 31, 2009, the consolidated statement of income reflects an increase in income tax benefit of approximately \$89,000, and other comprehensive income reflects an increase of \$190,000. Retained earnings and accumulated other comprehensive loss as of December 31, 2008 reflect an increase of \$528,000 and \$317,000, respectively, due to the correction of this error.

**2. Summary of Significant Accounting Policies**

**Principles of Consolidation** The accompanying consolidated financial statements include the accounts of all subsidiaries after elimination of all intercompany accounts, transactions, and profits.

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 Consolidated 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, 2010, the Company recorded a net liability related to tooling in progress of \$320,000, which represents approximately \$2,697,000 of progress tooling billings and \$2,377,000 of progress tooling expenses. 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.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)**

**Cash and Cash Equivalents** The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash is held primarily in one bank. The Company had cash on hand of \$5,657,000 at December 31, 2010 and \$4,142,000 at December 31, 2009.

**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 \$118,000 at December 31, 2010 and \$113,000 at December 31, 2009. 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 had an allowance for chargebacks of \$695,000 at December 31, 2010 and \$519,000 at December 31, 2009. There have been no material changes in the methodology of these calculations.

**Inventories** Inventories are stated at the lower of cost (first-in, first-out) or market. The Company has recorded an allowance for slow moving and obsolete inventory of \$750,000 at December 31, 2010 and \$762,000 at December 31, 2009.

**Property, Plant, and Equipment** Property, plant, and equipment are recorded at cost. Depreciation is provided on a straight-line method over the estimated useful lives of the assets. The carrying amount of long-lived assets is evaluated annually to determine if adjustment to the depreciation period or to the unamortized balance is warranted.

Ranges of estimated useful lives for computing depreciation are as follows:

Land improvements	20 years
Building and improvements	20-40 years
Machinery and equipment	3-15 years
Tools, dies and patterns	3-5 years

Depreciation expense was \$3,841,000 and \$3,705,000 for 2010 and 2009, respectively. The Company capitalized interest cost of approximately \$8,000 and \$167,000 for the years ended December 31, 2010 and 2009, respectively.

**Long-Lived Assets** Long-lived assets consist primarily of property and equipment and goodwill. The recoverability of long-lived assets is evaluated by an analysis of operating results and consideration of other significant events or changes in the business environment. The Company evaluates whether impairment exists for property and equipment on the basis of undiscounted expected future cash flows from operations before interest. For goodwill, the Company evaluates annually on December 31<sup>st</sup> whether impairment exists or at interim periods if an indicator of possible impairment exists. If impairment exists, the carrying amount of the long-lived assets is reduced to its estimated fair value, less any costs associated with the final settlement. There was no impairment of the Company's long-lived assets for the years ended December 31, 2010 and 2009.

**Income Taxes** The Company records deferred income taxes for differences between the financial reporting basis and income tax basis of assets and liabilities. A detailed breakout is located in Note 9.

**Self-insurance** The Company is self-insured with respect to its Columbus and Batavia, Ohio and Gaffney, South Carolina medical and dental claims and Columbus and Batavia, Ohio workers' compensation claims. The Company had an estimated liability for self-insured medical and dental claims and worker's compensation claims at December 31, 2010 and 2009 of \$1,041,000 and \$944,000, respectively.

**Fair Value of Financial Instruments** The Company's financial instruments consist of long-term debt, interest rate swaps, accounts receivable, and accounts payable. The carrying amount of these financial instruments approximated their fair value.

In September 2006, the Financial Accounting Standards Board ( FASB ) issued a standard to define fair value, establish a framework for measuring fair value and to expand disclosures about fair value measurements. This standard did not change the requirements to apply fair value in existing accounting standards. Under this standard, fair value refers to



the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)**

market in which the reporting entity transacts. The standard clarifies that fair value should be based on the assumptions market participants would use when pricing the asset or liability.

To increase consistency and comparability in fair value measurements, this standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical asset or liabilities that the company has the ability to access as of the reporting date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 inputs are unobservable inputs, such as internally developed pricing models for the asset or liability due to little or no market activity for the asset or liability.

The following table presents financial liabilities measured and recorded at fair value on the Company's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2010 and December 31, 2009:

	(Level 1)	(Level 2)	(Level 3)	Total Liabilities as of December 31, 2010
Interest rate swap liabilities	\$	\$ 350,916	\$	\$ 350,916
	(Level 1)	(Level 2)	(Level 3)	Total Liabilities as of December 31, 2009
Interest rate swap liabilities	\$	\$ 198,809	\$	\$ 198,809

There were no non-recurring fair value measurements for the year ended December 31, 2010.

In March 2008, the FASB issued a standard to amend and expand the disclosure requirements of derivative instruments with the intent to provide users of the financial statements with an enhanced understanding of how and why an entity uses derivative instruments, how these derivatives are accounted for and how the respective reporting entity's financial statements are affected. The Company adopted this standard on January 1, 2009.

Core Molding Technologies derivative instruments located on the Consolidated Balance Sheets were as follows:

	Balance Sheet Location	December 31, 2010 Fair Value	December 31, 2009 Fair Value
Derivatives designated as hedging instruments			
Interest rate risk activities	Interest rate swaps	\$ 322	\$ 227,482
Derivatives not designated as hedging instruments			
Interest rate risk activities	Interest rate swaps	\$ 350,594	\$ (28,673)

Total	\$	350,916	\$	198,809
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**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)**

The effect of derivative instruments on the Consolidated Statements of Income was as follows:

**Derivatives in Cash Flow Hedging Relationships**

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Expense (Effective Portion)	
	December 31, 2010	December 31, 2009	Interest expense, net	December 31, 2010	December 31, 2009
Interest rate swaps	\$ 27,170	\$ 129,215		\$ (24,502)	\$ (206,522)
Derivatives in Cash Flow Hedging Relationship	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)		Amount of Gain (Loss) Recognized in Income of Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)		
Year ended			December 31, 2010	December 31, 2009	
Interest rate swaps	Interest income (expense)		\$	\$ 43,697	

**Derivatives not designated as hedging instruments**

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives	
		December 31, 2010	December 31, 2009
Year ended			
Interest rate swaps	Interest income (expense)	\$ (233,625)	\$ 166,344

During 2010 and 2009, the Company did not reclassify any amounts related to its cash flow hedges from accumulated other comprehensive income (loss) to earnings due to the probability that certain forecasted transactions would not occur. As discussed in Note 6, the Company discontinued the use of hedge accounting for two of its interest rate swaps, effective March 31, 2009 for the Capex swap and January 1, 2010 for the IRB swap. The Company now records all mark to market adjustments related to these interest rate swaps within interest expense in the Company's Consolidated Statements of Income, since the date the Company discontinued hedge accounting for each swap. It is anticipated that during the next twelve months the expiration and settlement of cash flow hedge contracts along with the amortization of losses on discontinued hedges will result in income statement recognition of amounts currently classified in accumulated other comprehensive loss of approximately \$54,350, net of tax.

**Concentration of Credit Risk** The Company has significant transactions with two major customers (see Note 3), which together comprised 82% and 83% of total sales in 2010 and 2009, respectively and 73% and 74% of accounts receivable at December 31, 2010 and 2009, respectively. The Company performs ongoing credit evaluations of its customers' financial condition. The Company maintains reserves for potential bad debt losses, and such bad debt losses have been historically within the Company's expectations. Export sales, including sales to Canada and Mexico, for products provided to certain customers' manufacturing and service locations totaled 15% and 8% of total sales for 2010 and 2009, respectively.

**Earnings Per Common Share** Basic earnings per common share is computed based on the weighted average number of common shares outstanding during the period. Diluted earnings per common share are computed similarly but include the effect of the assumed exercise of dilutive stock options and vesting of restricted stock under the treasury stock method.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

The computation of basic and diluted earnings per common share is as follows:

	<b>Years Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Net income	\$ 2,433,072	\$ 1,107,071
Weighted average common shares outstanding	6,846,993	6,772,065
Effect of dilutive securities:		
Stock options	120,601	
Restricted stock	99,426	52,487
Weighted average common and potentially issuable common shares outstanding diluted	7,067,020	6,824,552
Basic earnings per common share	\$ .36	\$ .16
Diluted earnings per common share	\$ .34	\$ .16

23,000 shares at December 31, 2010 and 559,000 shares at December 31, 2009 were not included in diluted earnings per share as they were anti-dilutive.

**Accumulated Other Comprehensive Income (Loss)** Accumulated other comprehensive income (loss) is comprised of the following, net of tax:

	<b>December, 31</b>	
	<b>2010</b>	<b>2009</b>
Interest rate swaps	\$ (121,800)	\$ (194,081)
Post retirement benefits	3,334,997	(1,611,816)
	\$ 3,213,197	\$ (1,805,897)

**Research and Development** Research and development costs, which are expensed as incurred, totaled approximately \$249,000 in 2010 and \$181,000 in 2009.

**Recent Accounting Pronouncements** In June 2009, the FASB issued authoritative guidance on the consolidation of variable interest entities ( VIE ), which was effective for our first fiscal quarter of 2010. The new guidance requires a qualitative approach to identify a controlling financial interest in a VIE, and requires ongoing assessment of whether an entity is a VIE and whether an interest in a VIE makes the holder the primary beneficiary of the VIE. The adoption of this guidance did not have a material effect on our consolidated financial statements.

**Foreign Currency Adjustments** In conjunction with the Company's acquisition of certain assets of Airshield Corporation, the Company established operations in Mexico. The functional currency for the Mexican operations is the United States dollar. All foreign currency asset and liability amounts are remeasured into United States dollars at end-of-period exchange rates. Income statement accounts are translated at the weighted monthly average rates. Gains and losses resulting from translation of foreign currency financial statements into United States dollars and gains and losses resulting from foreign currency transactions are included in current results of operations. Aggregate foreign currency translation and transaction gains included in selling, general and administrative expense totaled \$97,059 and \$104,993 in 2010 and 2009, respectively.

**3. Major Customers**

The Company currently has two major customers, Navistar, Inc. ( Navistar ) formerly known as International Truck & Engine Corporation, and PACCAR, Inc. ( PACCAR ). Major customers are defined as customers whose 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.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)**

The following table presents net sales for the above-mentioned customers for the years ended December 31, 2010 and 2009:

	2010	2009
Navistar product sales	\$ 47,704,058	\$ 41,628,094
Navistar tooling sales	7,434,168	3,049,675
Total Navistar sales	55,138,226	44,677,769
PACCAR product sales	25,103,983	23,114,813
PACCAR tooling sales	1,632,137	1,069,320
Total PACCAR sales	26,736,120	24,184,133
Other product sales	17,094,971	11,424,068
Other tooling sales	1,288,327	3,052,706
Total other sales	18,383,298	14,476,774
Total product sales	89,903,012	76,166,975
Total tooling sales	10,354,632	7,171,701
Total sales	\$ 100,257,644	\$ 83,338,676

**4. Foreign Operations**

In conjunction with the Company's acquisition of certain assets of Airshield Corporation on October 16, 2001, the Company established manufacturing operations in Mexico (under the Maquiladora program). The Mexican operation is a captive manufacturing facility of the Company and the functional currency is United States dollars. Essentially all sales of the Mexican operations are made to United States customers in United States dollars, which totaled \$41,347,000 in 2010 and \$21,385,000 in 2009. Expenses are incurred in the United States dollar and the Mexican peso. Expenses incurred in pesos include labor, utilities, supplies and materials, and amounted to approximately 25% of sales of the Matamoros facility in 2010 and 33% of sales of the Matamoros facility in 2009. In June of 2009, the Company took occupancy of a new 437,000 square foot production facility in Matamoros, Mexico that replaced its leased facility. The Company owns long-lived assets that are geographically located in Mexico, which have a net book value of \$23,848,000 and \$20,779,000 at December 31, 2010 and 2009, respectively. The Company's manufacturing operation in Mexico is subject to various political, economic, and other risks and uncertainties including safety and security concerns inherent to Mexico. Among other risks, the Company's Mexican operations are subject to domestic and international customs and tariffs, changing taxation policies, and governmental regulations.

**5. Property, Plant, and Equipment**

Property, plant, and equipment consisted of the following at December 31:

	2010	2009
Land and land improvements	\$ 5,097,692	\$ 5,097,692
Buildings	36,017,954	35,395,651
Machinery and equipment	41,483,799	40,363,751



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Tools, dies, and patterns	796,266	780,962
Additions in progress	261,623	32,024
Total	83,657,334	81,670,080
Less accumulated depreciation	(40,314,403)	(36,726,836)
Property, plant, and equipment net	\$ 43,342,931	\$ 44,943,244

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)**

Additions in progress at December 31, 2010 and 2009 relate to equipment purchases that were not yet completed at year end. At December 31, 2010 and 2009, commitments for capital expenditures in progress were \$184,000 and \$30,000, respectively. Capitalized interest for the years ended December 31, 2010 and 2009 was approximately \$8,000 and \$167,000, respectively.

**6. Debt and Leases**

	<b>December, 31</b>	
	<b>2010</b>	<b>2009</b>
Debt consists of the following at:		
Capex loan payable to a bank, interest at a variable rate with monthly payments of interest and principal over a seven-year period through May 2016.	\$ 9,285,714	\$ 11,000,000
Mexican loan payable to a bank, interest at a variable rate with annual principal and monthly interest payments over a five-year period through May 2014.	6,400,000	6,400,000
Term loan payable to a bank, interest at a variable rate with monthly payments of interest and principal over a seven-year period through January 2011. Paid in full during January 2011.	107,131	1,392,847
Industrial Revenue Bond, interest adjustable weekly (2010 average 0.65%; 2009 average 1.82%), payable quarterly, principal due in variable quarterly installments through April 2013, secured by a bank letter of credit with a balance of \$1,998,000 and \$2,694,000 as of December 31, 2010 and 2009, respectively.	1,940,000	2,615,000
Revolving line of credit		
Total	17,732,845	21,407,847
Less current portion	(4,151,420)	(3,675,005)
Long-term debt	\$ 13,581,425	\$ 17,732,842

On December 9, 2008, the Company and its wholly owned subsidiary, CoreComposites de Mexico, S. de R.L. de C.V., entered into a Credit Agreement to refinance some existing debt and borrow funds to finance the construction of the Company's new manufacturing facility in Mexico.

Under this Credit Agreement, the Company received certain loans, subject to the terms and conditions stated in the agreement, which included (1) a \$12,000,000 Capex loan; (2) an \$8,000,000 Mexican loan; (3) an \$8,000,000 revolving line of credit; (4) a \$2,678,563 term loan to refinance an existing term loan; and (5) 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. The Credit Agreement is secured by a guarantee of each U.S. subsidiary of the Company, and by a lien on substantially all of the present and future assets of the Company and its U.S. subsidiaries, except that only 65% of the stock issued by CoreComposites de Mexico, S. de C.V. has been pledged. The \$8,000,000 Mexican loan is also secured by substantially all of the present and future assets of the Company's Mexican subsidiary.

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) retroactive modification of 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.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)**

On May 11, 2010, the Company entered into a fifth amendment (the Fifth Amendment) to the Credit Agreement. Pursuant to the terms of the Fifth Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included (1) a decrease in the applicable margin for interest rates to 275 basis points from 375 basis points for the Capex and Mexican loans and the revolving line of credit, effective May 1, 2010 and (2) an extension of the commitment for the revolving line of credit to April 30, 2012.

The \$12,000,000 Capex loan was a construction draw loan that converted to a seven-year term loan with fixed monthly principal payments. Borrowings made pursuant to this loan bears interest, payable monthly at 30 day LIBOR plus 275 basis points. The 30 day Libor rate was 0.26% at December 31, 2010. This loan had a balance of \$9,285,714 and \$11,000,000 at December 31, 2010 and 2009, respectively.

The \$8,000,000 Mexican loan, was also a construction draw loan to finance the new production facility in Matamoros, Mexico that was converted to a term loan in July 2009. This commitment had an original term of five years with annual payment installments commencing January 31, 2010. During 2009, the Company elected to only borrow \$6,400,000 and forego the January 31, 2010 payment. This modification of the original amortization schedule for the Mexican loan was completed with the Fourth Amendment to the credit agreement. As a result, the Company's first payment was not due until January 31, 2011. Amounts borrowed under this loan may not be reborrowed once repaid. Borrowings made pursuant to this loan bears interest, payable annually at daily LIBOR rate plus 275 basis points. The daily Libor rate was 0.25% at December 31, 2010. The Mexican loan had a balance of \$6,400,000 at December 31, 2010 and 2009.

On December 30, 2003, the Company borrowed \$9,000,000 in the form of a term loan collateralized by the Company's assets. The Credit Agreement entered into by the Company on December 9, 2008 provided for refinancing the Company's existing balance on this note. The terms of the refinance with respect to the amortization and repayment of the principal amount of such indebtedness were unchanged. Borrowings made pursuant to the refinanced term loan will bear interest, payable monthly at 30 day LIBOR plus 200 basis points. The 30 day Libor rate was 0.26% at December 31, 2010. The term loan had a balance of \$107,131 and \$1,392,847 at December 31, 2010 and 2009, respectively.

**Industrial Revenue Bond**

In May 1998, the Company borrowed \$7,500,000 through the issuance of an Industrial Revenue Bond (IRB). The IRB bears interest at a weekly adjustable rate and matures in April 2013. The maximum interest rate that may be charged at any time over the life of the IRB is 10%.

As security for the IRB, the Company obtained a letter of credit from a commercial bank, which has a balance of \$1,998,000 as of December 31, 2010. The Credit Agreement entered into by the Company on December 9, 2008 and subsequent amendments also included a commitment for this existing letter of credit. The letter of credit can only be used to pay principal and interest on the IRB. Any borrowings made under the letter of credit bear interest at the bank's prime rate and are secured by a lien and security interest in all of the Company's assets. The letter of credit expires in April 2012, and the Company intends to extend the letter of credit each year as required by the IRB.

**Revolving Line of Credit**

At December 31, 2010, the Company had available an \$8,000,000 variable rate bank revolving line of credit scheduled to mature on April 30, 2012. The line of credit bears interest at daily LIBOR plus 275 basis points. There was no balance on the bank revolving line of credit at December 31, 2010 and 2009.

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**Core Molding Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**  
**Annual maturities of long-term debt are as follows:**

2011	\$ 4,151,000
2012	4,106,000
2013	3,734,000
2014	3,314,000
2015	1,714,000
Thereafter	714,000
 Total	 \$ 17,733,000

**Interest Rate Swaps**

In conjunction with its variable rate Industrial Revenue Bond ( IRB ), the Company entered into an interest rate swap agreement through April 2013, which was initially designated as a cash flow hedging instrument. Under this agreement, the Company pays a fixed rate of 4.89% to the bank and receives 76% of the 30-day commercial paper rate. During 2010 the Company determined this interest rate swap was no longer highly effective. As a result, the Company discontinued the use of hedge accounting effective January 1, 2010 related to this swap, and began recording mark-to-market adjustments within interest expense in the Company's Consolidated Statement of Income. The pre-tax amount previously recognized in Accumulated Other Comprehensive Income (Loss), totaling \$(199,990) as of December 31, 2009, is being amortized as an increase to interest expense of \$3,384 per month, net of tax, over the remaining term of the interest rate swap agreement beginning January 2010. The fair value of the swap was a liability of \$126,095 and \$199,990 as of December 31, 2010 and 2009, respectively. Interest income of \$73,895 for the mark-to-market adjustment of swap fair value was recorded for the year ended 2010 related to this swap. Interest income of \$43,697 related to the ineffectiveness of this swap was recorded for the year ended December 31, 2009. The notional amount of the swap at December 31, 2010 and 2009 was \$1,940,000 and \$2,615,000, respectively.

Effective January 1, 2004, the Company entered into an interest rate swap agreement, which is designated as a cash flow hedge of the term loan. Under this agreement, the Company pays a fixed rate of 5.75% to the bank and receives LIBOR plus 200 basis points. The swap term and notional amount matches the payment schedule on the secured term loan with final maturity in January 2011. The interest rate swap is a highly effective hedge because the amount, benchmark interest rate index, term, and repricing dates of both the interest rate swap and the hedged variable interest cash flows are substantially the same. The fair value of the swap was a liability of \$322 and \$27,492 as of December 31, 2010 and 2009, respectively. While the Company is exposed to credit loss on its interest rate swap in the event of non-performance by the counterparty to the swap, management believes that such non-performance is unlikely to occur given the financial resources of the counterparty. The notional amount of the swap was \$107,131 and \$1,392,847 at December 31, 2010 and 2009, respectively.

Effective December 18, 2008, the Company entered into an interest rate swap agreement that became effective May 1, 2009 and expires in May 2016, which was designated as a cash flow hedge of the \$12,000,000 Capex loan. Under this agreement, the Company pays a fixed rate of 2.295% to the counterparty and receives LIBOR. Effective March 31, 2009, the interest terms in the Company's Credit Agreement related to the \$12,000,000 Capex loan were amended. The Company determined that the interest rate swap was no longer highly effective. As a result, the Company discontinued the use of hedge accounting effective March 31, 2009 related to this swap, and began recording mark-to-market adjustments within interest expense in the Company's Consolidated Statement of Income. The pre-tax amount previously recognized in Accumulated Other Comprehensive Income (Loss), totaling \$(145,684) as of March 31, 2009, is being amortized as an increase to interest expense of \$1,145 per month, net of tax, over the remaining term of the interest rate swap agreement beginning June 2009. The fair value of the swap as of December 31, 2010 and 2009 was a liability of \$224,499 and an asset of \$28,673, respectively. The Company recorded interest expense of \$253,172 and interest income of \$174,357 for mark-to-market adjustments of fair value in 2010 and 2009, respectively, related

to this swap. The notional amount of the swap was \$9,285,714 and \$11,000,000 at December 31, 2010 and 2009, respectively.

Interest expense includes approximately \$179,000 and \$360,000 of expense in 2010 and 2009, respectively, for settlements related to the swaps.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)****Bank Covenants**

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, 2010, the Company was in compliance with its financial debt covenants for the line of credit, term loan, Capex loan Mexican loan and, the letter of credit securing the Industrial Revenue Bond.

Based on the Company's forecasts which are primarily based on industry analysts' estimates of 2011 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 as amended under all amendments to the Credit Agreement 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 Core Molding Technologies' liquidity needs. However, if a material adverse change in the financial position of Core Molding Technologies should occur, or if actual sales or expenses are substantially different than what has been forecasted, Core Molding Technologies' liquidity and ability to obtain further financing to fund future operating and capital requirements could be negatively impacted.

**Leases**

In August 2005, in conjunction with the acquisition of the Cincinnati Fiberglass Division of Diversified Glass, Inc., Core Composites Cincinnati, LLC entered into a 7-year operating lease agreement through July 2012 for the manufacturing facility located in Batavia, Ohio. The Company has the option to terminate the lease effective any time after July 31, 2006, by providing written notice to the lessor no later than 90 days prior to intended termination date. The Company has the option to purchase the property at the end of every lease year.

Total rental expense was \$554,000 and \$1,196,000 for 2010 and 2009, respectively. Included in rental expense are rental costs related to the use of equipment during the normal course of business under nonbinding terms. Rental expense in 2009 also includes the Company's previously leased facility in Matamoros, Mexico which was vacated in June 2009. Future minimum operating lease payments are as follows:

2011	\$ 316,000
2012	179,000
Total minimum lease payments	\$ 495,000

**7. Equity****Treasury Stock**

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 in a privately negotiated transaction at \$7.25 per share, for a total purchase price of \$26,100,000. Navistar continues to be a significant stockholder of the Company's common stock with 664,000 shares, or approximately 9.3% of the shares outstanding after the repurchase. Navistar is also the Company's largest customer, accounting for approximately 55% of the Company's 2010 sales. The Company used approximately \$19 million of cash and \$7.1 million from its revolving line of credit to fund the repurchase. The Company also incurred approximately \$115,000 in costs related to the stock repurchase agreement, which were recorded as part of the cost of its treasury stock.

During 2010, employees surrendered 14,584 shares of the Company's common stock to satisfy income tax withholding obligations in connection with the vesting of restricted stock.

**Anti-takeover Measures**

The Company's Certificate of Incorporation and By-laws contain certain provisions designed to discourage specific types of transactions involving an actual or threatened change of control of the Company. These provisions, which are designed to make it more difficult to change majority control of the Board of Directors without its consent, include provisions related to





**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)**

removal of Directors, the approval of a merger and certain other transactions as outlined in the Certificate of Incorporation and any amendments to those provisions.

**Restrictions on Transfer**

On July 16, 2007, the Board of Directors approved a Shareholders Rights Plan (the Plan) in conjunction with the approval of the repurchase of shares of stock from Navistar. The Plan was implemented to protect the interests of the Company's stockholders by encouraging potential buyers to negotiate directly with the Board prior to attempting a takeover. Under the Plan, each stockholder will receive a dividend of one right per share of common stock of the Company owned on the record date, July 18, 2007. The rights will not initially be exercisable until, subject to action by the Board of Directors, a person acquires 15% or more of the voting stock without approval of the Board. If the rights become exercisable, all holders except the party triggering the rights shall be entitled to purchase shares of the Company at a discount. Each right entitles the registered holder to purchase from the Company a unit consisting of one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$0.01 per share. In connection with the adoption of the Rights Agreement, on July 18, 2007, the Company filed a Certificate of Designations of Series A Junior Participating Preferred Stock with the Secretary of State of the State of Delaware. The Company's Certificate of Incorporation contains a provision (the Prohibited Transfer Provision) designed to help assure the continued availability of the Company's previous substantial net operating loss and capital loss carryforwards by seeking to prevent an ownership change as defined under current Treasury Department income tax regulations. Under the Prohibited Transfer Provision, if a stockholder transfers or agrees to transfer stock, the transfer will be prohibited and void to the extent that it would cause the transferee to hold a Prohibited Ownership Percentage (as defined in the Company's Certificate of Incorporation, but generally, means direct and indirect ownership of 4.5% or more of the Company's common stock) or if the transfer would result in the transferee's ownership increasing if the transferee had held a Prohibited Ownership Percentage within the three prior years or if the transferee's ownership percentage already exceeds the Prohibited Ownership Percentage under applicable Federal income tax rules. The Prohibited Transfer Provision does not prevent transfers of stock between persons who do not hold a Prohibited Ownership Percentage.

**8. Stock Based Compensation**

Core Molding Technologies has a Long Term Equity Incentive Plan (the 2006 Plan), as approved by the shareholders in May 2006. This 2006 Plan replaced the Long Term Equity Incentive Plan (the Original Plan) as originally approved by the shareholders in May 1997 and as amended in May 2000. The 2006 Plan allows for grants to directors and key employees of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, performance shares, performance units, and other incentive awards (Stock Awards) up to an aggregate of 3,000,000 awards, each representing a right to buy a share of Core Molding Technologies common stock. Stock Awards can be granted under the 2006 Plan through the earlier of December 31, 2015, or the date the maximum number of available awards under the 2006 Plan have been granted.

The options that have been granted under the 2006 Plan have vesting schedules of five or nine and one-half years from the date of grant, or immediately upon change in ownership, are not exercisable after ten years from the date of grant, and were granted at prices which equal or exceed the fair market value of Core Molding Technologies common stock at the date of grant. Restricted stock granted under the 2006 Plan require the individuals receiving the grants to maintain certain common stock ownership thresholds and vest over three years or upon the date of the participants sixty-fifth birthday, death, disability or change in control.

Effective January 1, 2006, Core Molding Technologies adopted the provisions of FASB ASC 718 requiring that compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award). Core Molding Technologies adopted FASB ASC 718 using the modified prospective method. Under this method, FASB ASC 718 applies to all awards granted or modified after the date of adoption. In addition, compensation expense must be recognized for any unvested stock option awards outstanding as of the date of adoption on a straight-line basis over the remaining vesting

period.

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**Core Molding Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**  
**Stock Options**

There were no grants of options in the years ended December 31, 2010 and 2009. Total compensation cost related to incentive stock options for the years ended December 31, 2010 and 2009 was \$40,000 and \$83,000, respectively. Compensation expense was allocated such that \$38,000 and \$75,000 is included in selling, general, and administrative expenses and \$2,000 and \$8,000 is recorded in cost of sales for the years ended December 31, 2010 and 2009, respectively. There was no tax benefit recorded for this compensation cost as the expense primarily relates to incentive stock options that do not qualify for a tax deduction until, and only if, a disqualifying disposition occurs.

During the year ended December 31, 2010, Core Molding Technologies received approximately \$103,000 in cash from the exercise of stock options. The aggregate intrinsic value of these options was approximately \$67,000. The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option. Tax benefit received as a result of disqualified dispositions was \$29,000. There were no stock options exercised during 2009.

The following summarizes all stock option activity for the years ended December 31:

	2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding- beginning of year	558,825	\$ 3.30	570,225	\$ 3.30
Granted				
Exercised	(34,550)	2.99		
Forfeited	(4,000)	4.58	(11,400)	3.21
Outstanding-end of year	520,275	\$ 3.31	558,825	\$ 3.30
Exercisable at December 31	494,475	\$ 3.34	514,325	\$ 3.30
Vested or expected to vest at December 31	520,275	\$ 3.31	556,600	\$ 3.30

As of December 31, 2010, outstanding options had an aggregate intrinsic value of approximately \$1,296,000 and a weighted average remaining contractual term of approximately three years. Vested and exercisable stock options had an aggregate intrinsic value of \$1,218,000 and a weighted average remaining contractual term of approximately three years.

The following summarizes the status of, and changes to, unvested options during the years ended December 31, 2010 and 2009:

	Number Of Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2008	88,830	\$ 3.37
Granted		
Vested	(44,330)	3.44
Forfeited		

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Unvested at December 31, 2009	44,500	\$	3.29
Granted			
Vested	(18,300)		3.99
Forfeited	(400)		6.40
Unvested at December 31, 2010	25,800	\$	2.75

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)**

At December 31, 2010, there was \$22,000 of total unrecognized compensation cost related to stock options granted under the Original Plan expected to be recognized over the weighted average remaining contractual term of approximately three years.

The following table summarizes information about stock options outstanding and exercisable as of December 31, 2010:

Range of Exercise Prices	Options Outstanding		Options Exercisable
	Number of Options	Weighted Average Contractual Life In Years	Number of Options
\$2.75	67,100	3.8	41,300
\$3.21	390,175	3.1	390,175
\$3.28	40,000	4.2	40,000
\$6.40	18,000	4.8	18,000
\$7.98	5,000	5.0	5,000
	520,275		494,475

**Restricted Stock**

In May of 2006, Core Molding Technologies began awarding shares of its common stock to certain directors, officers, and key executive employees in the form of restricted stock. These awards are recorded at the market value of Core Molding Technologies' common stock on the date of issuance and amortized ratably as compensation expense over the applicable vesting period.

The following summarizes the status of the Restricted Stock and changes during the years ended December 31:

	2010		2009	
	Number of Shares	Weighted Average Fair Value	Number of Shares	Weighted Average Fair Value
Unvested- beginning of year	187,445	\$ 3.91	85,106	\$ 7.01
Granted	77,040	5.20	150,210	2.56
Vested	(60,688)	5.54	(33,851)	5.42
Forfeited			(14,020)	4.65
Unvested at end of year	203,797	\$ 3.91	187,445	\$ 3.91
Vested and expected to vest at December 31	312,943	\$ 4.36	236,720	\$ 4.44

As of December 31, 2010 there was \$457,000 of total unrecognized compensation cost related to restricted stock granted. That remaining cost is expected to be recognized over the weighted average remaining contractual term of 2.3 years. The total compensation expense related to restricted stock grants during the years ended December 31, 2010 and 2009 was \$311,000 and \$251,000, respectively, and is recorded as selling, general, and administrative expense.

**9. Income Taxes**

In the first quarter of 2010 the Patient Protection and Affordable Care Act ( PPACA ) was signed into law. The PPACA changes the tax treatment related to existing RDS available to sponsors of retiree health benefit plans that provide a benefit that is at least actuarially equivalent to the benefits under Medicare Part D. As a result of the PPACA, RDS payments will effectively become taxable in tax years beginning in 2013 by requiring the amount of the subsidy received to be offset against the Company s deduction for health care expenses. Accordingly, during the first quarter of 2010, the Company recorded a one time charge to income tax expense of \$1,021,000 related to the write down of its deferred tax asset for RDS.

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Continued)**

The Consolidated Balance Sheets include a net deferred tax asset of \$3,910,000 and \$7,767,000, as of December 31, 2010 and 2009, respectively. During 2010, the Company reduced its deferred tax asset by approximately \$3,413,000 as a result of the remeasurement and partial settlement of the post retirement benefits liability and by approximately \$1,021,000 in association with the PPACA as noted above. The reduction in deferred tax asset for the remeasurement and partial settlement was recorded as a component of other comprehensive income in 2010. The Company performs analyses to evaluate the balance of deferred tax assets that will be realized. Such analyses are based on the premise that the Company is, and will continue to be, 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.

Components of the provision (credit) for income taxes are as follows:

	<b>2010</b>	<b>2009</b>
Current:		
Federal US	\$ 1,420,000	\$ (806,000)
Federal Foreign	199,000	94,000
State and local	47,000	103,000
	1,666,000	(609,000)
Deferred:		
Federal	972,000	1,145,000
State and local	5,000	(109,000)
	977,000	1,036,000
Provision for income taxes	\$ 2,643,000	\$ 427,000

A reconciliation of the income tax provision based on the federal statutory income tax rate of 34% to the Company's income tax provision for the years ended December 31 is as follows:

	<b>2010</b>	<b>2009</b>
Provision at federal statutory rate US	\$ 1,712,000	\$ 522,000
Effect of PPACA adjustment	1,021,000	
Effect of foreign taxes	(93,000)	(16,000)
Other	3,000	(79,000)
Provision for income taxes	\$ 2,643,000	\$ 427,000

The American Jobs Creation Act provides a tax deduction calculated as a percentage of qualified income from manufacturing in the United States. The deduction percentage increases from 3% to 9% over a six-year period beginning in 2005. The amount of the deduction available to the Company in 2010 was \$44,000. There was no deduction in 2009 due to a federal tax loss for 2009. In December 2004, the FASB issued a new staff position providing for this deduction to be treated as a special deduction, as opposed to a tax rate reduction. Certain tax benefits related to incentive stock options recorded directly to additional paid in capital totaled \$29,000 and \$0 in 2010 and 2009, respectively.





**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

Deferred tax assets consist of the following at December 31:

	<b>2010</b>	<b>2009</b>
Current asset (liability):		
Accrued liabilities	\$ 605,000	\$ 569,000
Accounts receivable	292,000	221,000
Inventory	568,000	495,000
Other, net	(74,000)	(89,000)
 Total current asset	 1,391,000	 1,196,000
 Non-current asset (liability):		
Property, plant, and equipment	(1,460,000)	(1,227,000)
Post retirement benefits	3,903,000	7,763,000
Interest rate swap	119,000	122,000
Other, net	(43,000)	(87,000)
 Total non-current asset	 2,519,000	 6,571,000
 Total deferred tax asset net	 \$ 3,910,000	 \$ 7,767,000

At December 31, 2010, a provision has not been made for U.S. taxes on accumulated undistributed earnings of approximately \$3,356,000 of the Company's Mexican subsidiary that would become payable upon repatriation to the United States. It is the intention of the Company to reinvest all such earnings in operations and facilities outside of the United States.

At December 31, 2010 and 2009 the Company had no liability for unrecognized tax benefits under guidance relating to tax uncertainties. The Company does not anticipate that the unrecognized tax benefits will significantly change within the next twelve months.

The Company files income tax returns in the U.S. federal jurisdiction, Mexico and various state jurisdictions. The Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2007 due to the expiration of the statute of limitations and is subject to income tax examinations by Mexican authorities since the Company began business in Mexico in 2001. The Company recognizes interest and/or penalties related to income tax matters in income tax expense.

**10. Post Retirement Benefits**

The Company provides post retirement benefits to certain of its United States employees. Costs associated with post retirement benefits include health care and life insurance expense and expense related to contributions to three 401(k) defined contribution plans. In addition, all of the Company's United States union employees are covered under a multi-employer defined benefit pension plan administered under a collective bargaining agreement. The Company does not administer this plan and contributions are determined in accordance with provisions in the negotiated labor contract.

Prior to the acquisition of Columbus Plastics, certain of the Company's employees were participants in Navistar's post retirement plan. The post retirement health and life insurance plan provides healthcare and life insurance for certain employees upon their retirement, along with their spouses and certain dependents and requires cost sharing between the Company, Navistar and the participants in the form of premiums, co-payments, and deductibles. The Company and Navistar share the cost of benefits for certain employees, using a formula that allocates the cost based upon the respective portion of time that the employee was an active service participant after the acquisition of Columbus

Plastics to the period of active service prior to the acquisition of Columbus Plastics.

The Company's liability for postretirement health and life insurance benefits relates primarily to its Columbus, Ohio employee base. During the second quarter of 2010, the Company recognized a curtailment in its postretirement benefits liability of \$298,000 as a result of a reduction in personnel in Columbus. This reduction in personnel was caused by a

**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)**

production shift of certain product lines from the Company's Columbus, Ohio facility to its Matamoros facility. The Plan was remeasured using a discount rate of 5.9% which is consistent with the discount rate used at December 31, 2009.

On August 7, 2010, the Company entered into a new collective bargaining agreement with represented employees at the Company's Columbus, Ohio production facility. As part of the new agreement, the postretirement health and life insurance benefits for all current and future represented employees who had not retired as of August 7, 2010 were eliminated in exchange for a one-time cash payment totaling \$1,257,000. Individuals who retired prior to August 7, 2010 remain eligible for postretirement health and life insurance benefits.

The elimination of postretirement health and life insurance benefits resulted in a reduction of the Company's postretirement benefits liability of approximately \$10,282,000. This reduction in postretirement benefits liability was treated as a negative plan amendment and will be amortized as a reduction to net periodic benefit cost over approximately twenty years, the remaining life expectancy of the remaining participants in the plan. This negative plan amendment will result in net periodic benefit cost reductions of approximately \$496,000 per year in 2011 and thereafter, and lower interest costs associated with the reduced postretirement benefits liability. The Plan was remeasured using a discount rate of 5.1% at the time of the negative plan amendment.

The one-time cash payment of \$1,257,000, as noted above, was made on August 19, 2010. The Company accounted for the one-time cash payment as a partial plan settlement and recorded a one-time charge of \$584,000, or \$330,000 net of tax, in the third quarter of 2010 to recognize a portion of the previously unrecognized actuarial losses recorded in accumulated other comprehensive income due to the partial settlement.

The funded status of the Company's post retirement health and life insurance benefits plan as of December 31, 2010 and 2009 and reconciliation with the amounts recognized in the consolidated balance sheets are provided below.

	<b>Post Retirement Benefits</b>	
	<b>2010</b>	<b>2009</b>
<b>Change in benefit obligation:</b>		
Benefit obligation at beginning of year	\$ 18,744,000	\$ 15,878,000
Service cost	208,000	609,000
Interest cost	827,000	947,000
Curtailement	(298,000)	
Plan amendment	(10,282,000)	
Settlement	(1,257,000)	
Unrecognized loss	3,273,000	1,895,000
Benefits paid	(378,000)	(585,000)
<b>Benefit obligation at end of year</b>	<b>\$ 10,837,000</b>	<b>\$ 18,744,000</b>
<b>Plan Assets</b>		
<b>Amounts recorded in accumulated other comprehensive income:</b>		
Prior service credit	\$ (10,075,000)	\$
Net loss	5,442,000	3,189,000
<b>Plan Assets</b>	<b>\$ (4,633,000)</b>	<b>\$ 3,189,000</b>

**Weighted-average assumptions as of December 31:**

Discount rate used to determine benefit obligation and net periodic benefit cost	5.20%	5.90%
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**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)**

The components of expense for all of the Company's post retirement benefits plans are as follows:

	<b>2010</b>	<b>2009</b>
<b>Pension expense:</b>		
Multi-employer plan contributions	\$ 385,000	\$ 428,000
Defined contribution plan contributions	333,000	346,000
Total pension expense	718,000	774,000
<b>Health and life insurance:</b>		
Service cost	208,000	609,000
Interest cost	827,000	947,000
Recognition of previously unrecognized actuarial losses due to partial settlement	584,000	
Amortization of prior service costs	(207,000)	
Amortization of net loss	139,000	
Net periodic benefit cost	1,551,000	1,556,000
<b>Total post retirement benefits expense</b>	<b>\$ 2,269,000</b>	<b>\$ 2,330,000</b>

The Company accounts for post retirement benefits under FASB ASC 715, which requires the recognition of the funded status of a defined benefit pension or post retirement plan in the consolidated balance sheets. For the year ended December 31, 2010, the Company recognized net actuarial losses of \$3,273,000 on the Consolidated Balance Sheet. This amount was recorded as other comprehensive loss in the amount of \$2,098,000, net of tax, for the year ended December 31, 2010. For the year ended December 31, 2009, the Company recognized net actuarial loss of \$1,895,000 on the Consolidated Balance Sheet. This amount was recorded as other comprehensive loss in the amount of \$1,195,000, net of tax.

During 2010 the Company recognized a reduction in its balance sheet liability of \$10,282,000 as a result of a negative plan amendment, which was recorded as other comprehensive income in the amount of \$6,592,000, net of tax.

Amounts not yet recognized as a component of net periodic benefit costs at December 31, 2010 and 2009 were a net prior service cost credit of \$4,633,000 and a loss of \$3,189,000, respectively. The amount in accumulated other comprehensive income expected to be recognized as components of net periodic post retirement cost during 2011 consists of a prior service credit of \$496,000, or \$318,000 net of tax, and a net loss of \$219,000, or \$124,000 net of tax. In addition, 2011 interest expense related to post retirement healthcare is expected to be \$530,000, or \$340,000 net of tax, for a total post retirement healthcare expense of approximately \$254,000, or \$146,000 net of tax, in 2011. The Company expects contributions in 2011 to be consistent with estimated future benefit payments as shown in the table below.

The weighted average rate of increase in the per capita cost of covered health care benefits is projected to be 7%. The rate is projected to decrease gradually to 5% by the year 2017 and remain at that level thereafter. The comparable assumptions for the prior year were 7% and 5%, respectively.

The effect of changing the health care cost trend rate by one-percentage point for each future year is as follows:

	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total of service and interest cost components	\$ 166,000	\$ (136,000)

Effect on post retirement benefit obligation	\$ 1,231,000	\$ (1,034,000)
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**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)**

The estimated future benefit payments of the health care plan are as follows:

Fiscal 2011	\$ 933,000
Fiscal 2012	\$ 656,000
Fiscal 2013	\$ 704,000
Fiscal 2014	\$ 714,000
Fiscal 2015	\$ 733,000
Fiscal 2016 - 2020	\$ 3,306,000

**11. Related Party Transactions**

In connection with the acquisition of Columbus Plastics, the Company and Navistar entered into a Supply Agreement. Under the terms of the Supply Agreement, Navistar agreed to purchase from the Company, and the Company agreed to sell to Navistar all of Navistar's original equipment and service requirements for fiberglass reinforced parts using the Sheet Molding Compound process as they then existed or as they may be improved or modified. In 2008, 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.

In 1996, the Company acquired substantially all of 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 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 common stock, from Navistar as detailed in Note 7. At December 31, 2010, Navistar owned 9.3% of the Company's outstanding common stock. Sales to Navistar were \$55,138,000 in 2010 and \$44,678,000 in 2009, of which \$8,421,000 and \$6,211,000 were included in accounts receivable as of December 31, 2010 and 2009, respectively.

**12. Labor Concentration**

As of December 31, 2010, the Company employed a total of 1,014 employees, which consisted of 405 employees in its United States operations and 609 employees in its Mexican operations. Of these 1,014 employees, 164 are covered by a collective bargaining agreement with the International Association of Machinists and Aerospace Workers (IAM), which extends to August 10, 2013, and 522 are covered by a collective bargaining agreement with Sindicato de Jornaleros y Obreros, which extends to January 16, 2013.

**13. Commitments and Contingencies**

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.

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**Core Molding Technologies, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**  
**14. Quarterly Results of Operations (Unaudited)**

The following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2010 and 2009.

	<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<b>Total Year</b>
<b>2010:</b>					
Product sales	\$ 19,695,932	\$ 21,473,293	\$ 23,041,088	\$ 25,692,699	\$ 89,903,012
Tooling sales	746,108	2,002,499	2,253,508	5,352,517	10,354,632
Net sales	20,442,040	23,475,792	25,294,596	31,045,216	100,257,644
Gross margin	4,083,924	3,418,805	3,133,914	5,712,025	16,348,668
Income before interest and taxes	1,757,988	1,125,471	844,652	2,689,206	6,417,317
Net income (loss)	(136,942)	441,303	307,418	1,821,293	2,433,072
Net income (loss) per common share:					
Basic (1)	\$ (0.02)	\$ 0.06	\$ 0.04	\$ 0.27	\$ 0.36
Diluted (1)	\$ (0.02)	\$ 0.06	\$ 0.04	\$ 0.25	\$ 0.34
<b>2009:</b>					
Product sales	\$ 17,830,280	\$ 16,643,805	\$ 19,801,193	\$ 21,891,697	\$ 76,166,975
Tooling sales	553,837	656,303	4,624,339	1,337,222	7,171,701
Net sales	18,384,117	17,300,108	24,425,532	23,228,919	83,338,676
Gross margin	1,573,340	984,267	3,983,981	4,883,728	11,425,316
Income (loss) before interest and taxes	(926,663)	(1,271,471)	1,852,951	2,830,679	2,485,496
Net income (loss)	(637,494)	(844,810)	849,362	1,740,013	1,107,071
Net income (loss) per common share:					
Basic (1)	\$ (0.09)	\$ (0.12)	\$ 0.13	\$ 0.26	\$ 0.16
Diluted	\$ (0.09)	\$ (0.12)	\$ 0.12	\$ 0.25	\$ 0.16

(1) Sum of the quarters do not sum to total year due to rounding.



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**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

**ITEM 9A(T). CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

As of the end of the period covered by this report, the Company has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon this evaluation, the Company's management, including its Chief Executive Officer and its Chief Financial Officer, concluded that the Company's disclosure controls and procedures were (i) effective to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act were accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures, and (ii) effective to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

**Management's Report on Internal Control over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's financial statements would be prevented or detected.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2010.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

**Changes In Internal Controls**

There were no changes in internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred in the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

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**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

The information required by this Part III, Item 10 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of stockholders to be held on or about May 11, 2011, which is expected to be filed with the SEC pursuant to Regulation 14A of the Securities Exchange Act of 1934 within 120 days after the end of the fiscal year covered by this report.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Part III, Item 11 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of stockholders to be held on or about May 11, 2011, which is expected to be filed with the SEC pursuant to Regulation 14A of the Securities Exchange Act of 1934 within 120 days after the end of the fiscal year covered by this report.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Part III, Item 12 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of stockholders to be held on or about May 11, 2011, which is expected to be filed with the SEC pursuant to Regulation 14A of the Securities Exchange Act of 1934 within 120 days after the end of the fiscal year covered by this report.

**ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Part III, Item 13 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of stockholders to be held on or about May 11, 2011, which is expected to be filed with the SEC pursuant to Regulation 14A of the Securities Exchange Act of 1934 within 120 days after the end of the fiscal year covered by this report.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this Part III, Item 14 is incorporated by reference from the Company's definitive proxy statement for its annual meeting of stockholders to be held on or about May 11, 2011, which is expected to be filed with the SEC pursuant to Regulation 14A of the Securities Exchange Act of 1934 within 120 days after the end of the fiscal year covered by this report.

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**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

**(a) Documents filed as Part of this Report:**

**(1) Financial Statements**

The following consolidated financial statements are included in Part II, Item 8 of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm 26

Consolidated Statements of Income for the Years Ended December 31, 2010 and 2009 27

Consolidated Balance Sheets as of December 31, 2010 and 2009 28

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2010 and 2009 29

Consolidated Statements of Cash Flows for the Years Ended December 31, 2010 and 2009 30

Notes to Consolidated Financial Statements 31

**(2) Financial Statement Schedules**

The following consolidated financial statement schedules are filed with this Annual Report on Form 10-K:

Schedule II Valuation and Qualifying Accounts and Reserves for the years ended December 31, 2010 and 2009 54

All other schedules are omitted because of the absence of the conditions under which they are required.

**(3) Exhibits**

See Index to Exhibits filed with this Annual Report on Form 10-K.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORE MOLDING TECHNOLOGIES, INC.

By /s/ Kevin L. Barnett

Kevin L. Barnett  
President and Chief Executive Officer

Date: March 29, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/s/ Kevin L. Barnett

Kevin L. Barnett	President, Chief Executive Officer, and Director (principal executive officer)	March 29, 2011
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/s/ Herman F. Dick, Jr.

Herman F. Dick, Jr.	Vice President, Secretary, Treasurer, and Chief Financial Officer (principal financial officer and principal accounting officer)	March 29, 2011
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Thomas R. Cellitti	Director	March 29, 2011
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James F. Crowley	Director	March 29, 2011
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Ralph O. Hellmold	Director	March 29, 2011
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Malcolm M. Prine	Director	March 29, 2011
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\*By /s/ Herman F. Dick, Jr.

Herman F. Dick, Jr.	Attorney-In-Fact	March 29, 2011
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**Table of Contents****Core Molding Technologies, Inc. and Subsidiaries  
Schedule II**

Consolidated valuation and qualifying accounts and reserves for the years ended December 31, 2010 and 2009.

Reserves deducted from asset to which it applies allowance for doubtful accounts.

	Balance at Beginning of Year	Additions (Recovered)/ Charged to Costs & Expenses	Charged to Other Accounts	Deductions (A)	Balance At End of Year
Year Ended December 31, 2010	\$ 113,000	\$ 37,000		\$ 32,000	\$ 118,000
Year Ended December 31, 2009	\$ 109,000	\$ 10,000		\$ 6,000	\$ 113,000

(A) Amount represents uncollectible accounts written off.

**Table of Contents****INDEX TO EXHIBITS**

Exhibit No.	Description	Location
2(a)(1)	Asset Purchase Agreement dated as of September 12, 1996, as amended October 31, 1996, between Navistar and RYMAC <sup>1</sup>	Incorporated by reference to Exhibit 2-A to Registration Statement on Form S-4 (Registration No. 333-15809)
2(a)(2)	Second Amendment to Asset Purchase Agreement dated December 16, 1996 <sup>1</sup>	Incorporated by reference to Exhibit 2(a)(2) to Annual Report on Form 10-K for the year ended December 31, 2001
2(b)(1)	Agreement and Plan of Merger dated as of November 1, 1996, between Core Molding and RYMAC	Incorporated by reference to Exhibit 2-B to Registration Statement on Form S-4 (Registration No. 333-15809)
2(b)(2)	First Amendment to Agreement and Plan of Merger dated as of December 27, 1996 between Core Molding and RYMAC	Incorporated by reference to Exhibit 2(b)(2) to Annual Report on Form 10-K for the year ended December 31, 2002
2(c)	Asset Purchase Agreement dated as of October 10, 2001, between Core Molding Technologies, Inc. and Airshield Corporation	Incorporated by reference to Exhibit 1 to Form 8-K filed October 31, 2001
3(a)(1)	Certificate of Incorporation of Core Molding Technologies, Inc. as filed with the Secretary of State of Delaware on October 8, 1996	Incorporated by reference to Exhibit 4(a) to Registration Statement on Form S-8, (Registration No. 333-29203)
3(a)(2)	Certificate of Amendment of Certificate of Incorporation of Core Molding Technologies, Inc. as filed with the Secretary of State of Delaware on November 6, 1996	Incorporated by reference to Exhibit 4(b) to Registration Statement on Form S-8 (Registration No. 333-29203)

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Exhibit No.	Description	Location
3(a)(3)	Certificate of Amendment of Certificate of Incorporation as filed with the Secretary of State of Delaware on August 28, 2002	Incorporated by reference to Exhibit 3(a)(4) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2002
3(a)(4)	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock as filed with the Secretary of State of Delaware on July 18, 2007	Incorporated by reference to Exhibit 3.1 to Form 8-K filed July 19, 2007
3(b)	Amended and Restated By-Laws of Core Molding Technologies, Inc.	Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed January 4, 2008
4(a)(1)	Certificate of Incorporation of Core Molding Technologies, Inc. as filed with the Secretary of State of Delaware on October 8, 1996	Incorporated by reference to Exhibit 4(a) to Registration Statement on Form S-8 (Registration No. 333-29203)
4(a)(2)	Certificate of Amendment of Certificate of Incorporation of Core Molding Technologies, Inc. as filed with the Secretary of State of Delaware on November 6, 1996	Incorporated by reference to Exhibit 4(b) to Registration Statement on Form S-8 (Registration No. 333-29203)
4(a)(3)	Certificate of Amendment of Certificate of Incorporation as filed with the Secretary of State of Delaware on August 28, 2002	Incorporated by reference to Exhibit 3(a)(4) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2002
4(a)(4)	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock as filed with the Secretary of State of Delaware on July 18, 2007	Incorporated by reference to Exhibit 3.1 to Form 8-K filed July 19, 2007
4(b)	Stockholder Rights Agreement dated as of July 18, 2007, between Core Molding Technologies, Inc. and American Stock Transfer & Trust Company	Incorporated by reference to Exhibit 4.1 to Current Report Form 8-K filed July 19, 2007
10(a)	Supply Agreement, dated June 23, 2008 between Core Molding Technologies, Inc. and Core Composites Corporation and Navistar, Inc. <sup>3</sup>	Incorporated by reference to Exhibit 10(a) to Quarterly Report on Form 10-Q for the quarter ended September 30, 2010
10(a)(1)	Addendum to Supply Agreement, dated January 28, 2010 between Core Molding Technologies, Inc. and Core Composites Corporation and Navistar, Inc. <sup>3</sup>	Incorporated by reference to Exhibit 10(a)(1) to Annual Report on Form 10-K for the year ended December 31, 2009



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Exhibit No.	Description	Location
10(b)	Registration Rights Agreement, dated December 31, 1996, by and between Navistar International Transportation Corp. and various other persons who become parties pursuant to the agreement	Incorporated by reference to Exhibit 10(d) to Annual Report on Form 10-K for the year ended December 31, 2001
10(c)	Credit agreement, dated December 9, 2008, by and between Core Molding Technologies, Inc and CoreComposites de Mexico, S De. R.L. de C.V. and KeyBank National Association	Incorporated by reference to Exhibit 10(d) to Annual Report on Form 10-K for the year ended December 31, 2008
10(c)(1)	First Amendment Agreement, dated March 31, 2009, to the Credit Agreement dated December 9, 2008, among Core Molding Technologies, Inc., Core Composites de Mexico, S. De R.L. de C.V. and KeyBank National Association.	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed April 2, 2009
10(c)(2)	Second Amendment Agreement, dated June 30, 2009, to the Credit Agreement dated December 9, 2008, among Core Molding Technologies, Inc., Core Composites de Mexico, S. De R.L. de C.V. and KeyBank National Association.	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed July 2, 2009
10(c)(3)	Third Amendment Agreement, dated December 1, 2009, to the Credit Agreement dated December 9, 2008, among Core Molding Technologies, Inc., Core Composites de Mexico, S. De R.L. de C.V. and KeyBank National Association.	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed December 7, 2009
10(c)(4)	Fourth Amendment Agreement, dated March 8, 2010, to the Credit Agreement dated December 9, 2008, among Core Molding Technologies, Inc., Core Composites de Mexico, S. De R.L. de C.V. and KeyBank National Association.	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated March 10, 2010
10(c)(5)	Fifth Amendment Agreement, dated May 11, 2010, to the Credit Agreement dated December 9, 2008, among Core Molding Technologies, Inc., Core Composites de Mexico, S. De R.L. de C.V. and KeyBank National Association.	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated May 11, 2010
10(d)	Loan Agreement, dated April 1, 1998, by and between South Carolina Jobs Economic Development Authority and Core Molding Technologies, Inc.	Incorporated by reference to Exhibit 10(g) to Annual Report on Form 10-K for the year ended December 31, 2003

10(e)	Reimbursement Agreement, dated April 1, 1998, by and between Core Molding Technologies, Inc. and KeyBank National Association	Incorporated by reference to Exhibit 10(h) to Annual Report on Form 10-K for the year ended December 31, 2003
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Exhibit No.	Description	Location
10(f)	Core Molding Technologies, Inc. Employee Stock Purchase Plan <sup>2</sup>	Incorporated by reference to Exhibit 4(e) to Registration Statement on Form S-8 (Registration No. 333-60909)
10(f)(1)	2002 Core Molding Technologies, Inc. Employee Stock Purchase Plan (as amended May 17, 2006) <sup>2</sup>	Incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K dated May 23, 2006
10(g)	Letter Agreement Regarding Terms and Conditions of Interest Rate Swap Agreement between KeyBank National Association and Core Molding Technologies, Inc.	Incorporated by reference to Exhibit 10(j) to Annual Report on Form 10-K for the year ended December 31, 2003
10(g)(1)	Letter Agreement Regarding Terms and Conditions of Interest Rate Swap Agreement between KeyBank National Association and Core Molding Technologies, Inc.	Incorporated by reference to Exhibit 10(i)(1) to Annual Report on Form 10-K for the year ended December 31, 2009
10(h)	2006 Core Molding Technologies, Inc. Long Term Equity Incentive Plan <sup>2</sup>	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated May 23, 2006
10(i)	Core Molding Technologies, Inc. Cash Profit Sharing Plan <sup>2</sup>	Filed Herein
10(j)	Form of Amended and Restated Executive Severance Agreement between Core Molding Technologies, Inc. and certain executive officers <sup>2</sup>	Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K dated December 29, 2008
10(k)	Form of Amended and Restated Restricted Stock Agreement between Core Molding Technologies, Inc. and certain executive officers <sup>2</sup>	Incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K dated January 4, 2008
10(l)	Form of Executive Severance Agreement between Core Molding Technologies, Inc. and certain executive officers <sup>2</sup>	Incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K dated May 23, 2006
10(m)	Form of Restricted Stock Agreement between Core Molding Technologies, Inc. and certain executive officers <sup>2</sup>	Incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K dated May 23, 2006
11	Computation of Net Income per Share	Exhibit 11 is omitted because the required information is included in the Notes to Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K

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14	Code of Conduct and Business Ethics	Incorporated by reference to Exhibit 14 to Annual Report on Form 10-K for the year ended December 31, 2003
23	Consent of Crowe Horwath LLP	Filed Herein

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Exhibit No.	Description	Location
24	Powers of Attorney	Filed Herein
31(a)	Section 302 Certification by Kevin L. Barnett, President and Chief Executive Officer	Filed Herein
31(b)	Section 302 Certification by Herman F. Dick, Jr., Vice President, Secretary, Treasurer, and Chief Financial Officer	Filed Herein
32(a)	Certification of Kevin L. Barnett, Chief Executive Officer of Core Molding Technologies, Inc., dated March 29, 2011, pursuant to 18 U.S.C. Section 1350	Filed Herein
32(b)	Certification of Herman F. Dick, Jr., Vice President, Treasurer, Secretary, and Chief Financial Officer of Core Molding Technologies, Inc., dated March 29, 2011, pursuant to 18 U.S.C. Section 1350	Filed Herein

- <sup>1</sup> The Asset Purchase Agreement, as filed with the SEC at Exhibit 2-A to Registration Statement on Form S-4 (Registration No. 333-15809), omits the exhibits (including, the Buyer Note, Special Warranty Deed, Supply Agreement, Registration Rights Agreement, and Transition Services Agreement, identified in the Asset Purchase Agreement) and schedules (including, those identified in Sections 1, 3, 4, 5, 6, 8, and 30 of the Asset Purchase Agreement). Core Molding Technologies, Inc. will provide any omitted exhibit or schedule to the SEC upon request.
- <sup>2</sup> Indicates management contracts or compensatory plans that are required to be filed as an exhibit to this Annual Report on Form 10-K.
- <sup>3</sup> Certain portions of this Exhibit have been omitted intentionally subject to a confidentiality treatment request. A complete version of the Exhibit has been filed separately with the Securities and Exchange Commission.