CORE MOLDING TECHNOLOGIES INC
Form 10-K
April 01, 2009

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

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

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

Delaware	31-1481870
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 Manor Park Drive, P.O. Box 28183, Columbus, Ohio	43228 - 0183
(Address of principal executive offices)	(Zip Code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01	NYSE Alternext US

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 o No þ

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 o No þ

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 þ No o

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. o

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):

	Non-accelerated filer o	Smaller reporting company þ

Large accelerated filer o	Accelerated filer o

(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 o No þ

As of June 30, 2008, the aggregate market value of the registrant s voting and non-voting common equity held by non-affiliates of the registrant was approximately $43,202,009, based upon the closing sale price of $7.10 on the NYSE AMEX (formerly the American Stock Exchange) on June 30, 2008, the last business day of registrant s most recently completed second fiscal quarter. As of the close of business on March 27, 2009, the number of shares of registrant s Common Stock outstanding was 6,850,896.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s 2009 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.

CORE MOLDING TECHNOLOGIES, INC AND SUBSIDIARIES
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PART I

ITEM 1. BUSINESS

HISTORICAL DEVELOPMENT OF BUSINESS OF CORE MOLDING TECHNOLOGIES, INC.

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

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

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

In conjunction with establishment of operations for the assets acquired in the Airshield Asset Acquisition, the Company established a Mexican subsidiary and leases 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 August of 2008, the Company entered into a construction agreement to begin building a new 437,000 square foot production facility in Matamoros, Mexico that will replace its leased facility. Occupancy is expected during the second quarter of 2009.

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 has leased 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 conditions in the countries in which Core Molding Technologies operates; dependence upon two major customers as the primary source of Core Molding Technologies sales revenues; recent efforts of Core Molding Technologies to expand its customer base; failure of Core Molding Technologies suppliers to perform their contractual obligations; the availability of raw materials; inflationary pressures; new technologies; competitive and regulatory matters; labor relations; the loss or inability of Core Molding Technologies to attract and retain key personnel; changes to 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; inefficiencies related to the transfer and start up of Core Molding Technologies new Matamoros production 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 manufacturing 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. Compression molding production will also be added to Matamoros, Mexico in 2009 upon completion of the Company s new manufacturing facility. The Matamoros facility also utilizes spray-up and hand lay-up open mold processes and resin transfer (RTM) closed molding utilizing the vacuum infusion process to produce reinforced plastic products. The Batavia facility produces reinforced plastic products by a spray-up open mold process and resin transfer molding (RTM) closed mold process utilizing multiple insert tooling (MIT). Core Molding Technologies also sells reinforced plastic products in the automotive-aftermarket industry as Core Automotive Technologies, doing business as Keystone Restyling Products.

Reinforced plastics compete largely against metals and have the strength to function well during prolonged use. Management believes that reinforced plastic components offer many advantages over metals, including:

- heat resistance
- corrosion resistance
- lighter weight
- lower cost
- greater flexibility in product design

part consolidation for multiple piece assemblies

lower initial tooling costs for lower volume applications

high strength-to-weight ratio

dent-resistance in comparison to steel or aluminum.

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

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Company s two major customers are Navistar and PACCAR, Inc. (PACCAR), which are supplied reinforced plastic products for medium and heavy-duty trucks. The Company also supplies reinforced plastic products to other truck manufacturers, to automotive suppliers, to manufacturers of personal watercraft and other commercial products, and to wholesale distributors and other end users of automotive aftermarket products. In general, product growth and diversification are achieved in several different ways: (1) resourcing of existing reinforced plastic product from another supplier by an original equipment manufacturer (OEM); (2) obtaining new reinforced plastic products through a selection process in which an OEM solicits bids; (3) successful marketing of reinforced plastic products for previously non-reinforced plastic applications; (4) successful marketing of reinforced plastic products for the automotive and light truck aftermarket, and (5) acquiring an existing business. The Company s efforts are currently 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, Meridian Automotive Systems, 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, product quality, engineering capability, cost, and delivery. However, the industry remains highly competitive and some of the Company s competitors have greater financial resources, research and development facilities, design engineering, manufacturing, and marketing capabilities.

MAJOR CUSTOMERS

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

Relationship with Navistar

In June 2008, the Company entered into a new Comprehensive Supply Agreement, which was effective as of June 24, 2008. Under this Comprehensive Supply Agreement, the Company continues to be the primary supplier of Navistar s original equipment and service requirements for fiberglass reinforced parts, as long as the Company remains competitive in cost, quality and delivery, through October 31, 2013.

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

The North American truck market in which Navistar competes is highly competitive and the demand for heavy and medium duty trucks is subject to considerable volatility as it moves in response to cycles in the overall business environment and is particularly sensitive to the industrial sector, which generates a significant portion of the freight tonnage hauled. Truck demand also depends on general economic conditions, among other factors. Sales to Navistar amounted to approximately 57%, 44%, and 50%, of total sales for 2008, 2007, and 2006, respectively.

Relationship with PACCAR

As a result of the August 1, 2005, acquisition of the Cincinnati Fiberglass Division of Diversified Glass, Inc., the Company increased its supply relationship with PACCAR. The Company produces hoods, roofs, back panels, air deflectors, air fairings, fenders, splash panels, and other components for PACCAR who uses such products on its heavy and medium-duty trucks.

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

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The Company makes products for PACCAR s Chillicothe, Ohio, Madison, Tennessee, Denton, Texas, Renton, Washington, St. Therese (Canada), and Mexicali, Mexico assembly facilities. The Company also works closely on new product development with PACCAR s engineering and research personnel.

The North American truck market in which PACCAR competes is highly competitive and the demand for trucks is subject to considerable volatility as it moves in response to cycles in the overall business environment and is particularly sensitive to the industrial sector, which generates a significant portion of the freight tonnage hauled. Truck demand also depends on general economic conditions, among other factors. Sales to PACCAR amounted to approximately 26%, 33%, and 22% of total sales for 2008, 2007, and 2006, respectively.

OTHER CUSTOMERS

The Company also produces products for other truck manufacturers, the marine industry, commercial product industries, automotive aftermarket industries, and various other customers. Sales to these customers individually were all less than 10% of total annual sales. Sales to these customers amounted to approximately 17%, 23% and 28% of total sales for 2008, 2007 and 2006 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 $15,603,000, $18,509,000, and $32,098,000, for the years ended 2008, 2007, and 2006, respectively. These export sales dollars represent approximately 13%, 15%, and 20%, of total sales for 2008, 2007, and 2006, 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 $14,492,000, $18,329,000 and $23,897,000, for the years ended 2008, 2007 and 2006 respectively. The sales of products imported were approximately 12%, 15%, and 15%, of total sales in 2008, 2007, and 2006, respectively.

The Company owns long-lived assets totaling $11,563,000 at December 31, 2008 that are located in its Mexican facility, of which $8,787,000 is part of the construction of the Company s new manufacturing facility in Mexico.

PRODUCTS

SMC Compound

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

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

Control information during various production processes; and

Data for statistical batch controls.

The Company has the capacity to manufacture approximately 48 million pounds of SMC sheet material annually. The following table shows production of SMC for 2008, 2007, and 2006.

Year	SMC Pounds Produced (Millions)
2008	22
2007	22
2006	31

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Glass Mat Thermoplastic (GMT)

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

Closed Molded Products

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

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

As of December 31, 2008, the Company owns 19 compression-molding presses in its Columbus, Ohio plant, which range in size from 500 to 4,500 tons. The Company also owns nine presses and leases two presses in its Gaffney, South Carolina plant, which range in size from 1,000 to 3,000 tons. In December 2008, the Company began the process of moving one press from its Columbus, Ohio plant and four presses from its Gaffney, South Carolina plant to Matamoros, Mexico to be installed in its new manufacturing facility.

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

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

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

Open Molded Products

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

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

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

The Company currently operates 13 separate spray-up or hand lay up cells in the Matamoros, Mexico facility that are capable of producing fiberglass-reinforced products with and without gel coat surfaces. As a result of the Cincinnati Fiberglass acquisition, the Company also has a chain driven robotic gelcoating and spray up line and a hand spray up cell at the Batavia, Ohio location. Part sizes weigh from a few pounds to several thousand pounds with surface quality tailored for the end use application.

Assembly, Machining, and Paint Products

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

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

RAW MATERIALS

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

BACKLOG

The Company relies on production schedules provided by its customers to plan and implement production. These schedules are typically provided on a weekly basis and are considered firm typically for four weeks. Some customers can update these schedules daily for changes in demand that allow them to run their inventories on a just-in-time basis. The ordered backlog was approximately $6.3 million, $9.0 million and $10.8 million at December 31, 2008, 2007, and 2006 respectively, all of which the Company expects to ship during the first quarter of the following year.

CAPACITY CONSTRAINTS

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

Based on recent and expected 2009 production schedules, the Company has not had and does not anticipate difficulty in providing various shift schedules necessary to meet customer requirements for the foreseeable future.

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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 $12.1 million, $2.7 million, and $9.2 million for 2008, 2007, and 2006, respectively. Capital expenditures in 2008 consisted primarily of purchases related to the Company s construction of a new manufacturing facility in Mexico. Capital expenditures in 2007 consisted primarily of the buyout of certain equipment leases in 2007 and purchase of production equipment to manufacture parts as well as storage racks, computers, and office furniture and fixtures. Capital expenditures in 2006 were primarily related to the expansion of the Columbus Plant as well as the additional equipment leases that were bought out during 2006.

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

The Company does not maintain a separate research and development organization or facility but uses its production equipment, as necessary, to support these efforts and cooperates with its customers and its suppliers in research and development efforts. Likewise, manpower to direct and advance research and development is integrated with the existing manufacturing, engineering, production, and quality organizations. Management of the Company has estimated that internal costs related to research and development activities approximate $202,000, $223,000, and $254,000 in 2008, 2007 and 2006, respectively.

ENVIRONMENTAL COMPLIANCE

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

In June 2003, the Ohio Environmental Protection Agency (Ohio EPA) issued Core Molding Technologies final Title V Operating Permit for the Columbus, Ohio facility, and in May 2004 the Ohio EPA issued final Title V Operating Permit for the Cincinnati, Ohio facility. In August 2005, the South Carolina Department of Health and Environmental Control issued a final Title V Operating Permit for the Gaffney, South Carolina facility. Since that time, Core Molding Technologies has substantially complied with the requirements of these permits. Core Molding Technologies does not believe that the cost to comply with these permits will have a material effect on its operations, competitive position, or capital expenditures.

EMPLOYEES

As of December 31, 2008, the Company employed a total of 933 employees, which consists of 562 employees in its United States operations and 371 employees in its Mexican operations. Of these 933 employees, 312 are covered by a collective bargaining agreement with the International Association of Machinists and Aerospace Workers (IAM), which extends to August 4, 2010, and 292 are covered by a collective bargaining agreement with Sindicato de Jorneleros y Obreros, which extends to January 16, 2010.

PATENTS, TRADE NAMES, AND TRADEMARKS

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

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SEASONALITY & BUSINESS CYCLE

The Company s business is affected annually by the production schedules of its customers. Certain of the Company s customers typically shut down their operations on an annual basis for a period of one to several weeks during the Company s third quarter. Certain customers also typically shut down their operations during the last week of December, as well. As a result, demand for the Company s products typically decreases during the third and fourth quarters. Similarly, demand for medium and heavy-duty trucks, personal watercraft, and automotive products fluctuate on an economic, a cyclical and a seasonal basis, causing a corresponding fluctuation for demand of the Company s products.

ITEM 1A. RISK FACTORS

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

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

Sales to Navistar and PACCAR constituted approximately 57% and 26% respectively, of our 2008 net sales. No other customer accounted for more than 10% of our net sales for this period. The loss of any significant portion of sales to any of our major customers could have a material adverse effect on our business, results of operations, or financial condition.

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

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

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

The North American heavy and medium duty truck industries are highly cyclical. 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. 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. 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.

Core Molding Technologies purchases resins and fiberglass for use in production as well as steel and other components for product assembly. The prices of resins are affected by the prices of crude oil, natural gas, and benzene as well as processing capacity versus demand and the Company has incurred increases in raw material costs over the past few years. The Company attempts to reduce its exposure to increases by working with suppliers, evaluating new suppliers, improving material efficiencies, and when necessary through sales price adjustments to customers. If we are unsuccessful in developing ways to mitigate these raw material increases we may not be able to improve productivity or realize our ongoing cost reduction programs sufficiently to help offset the impact of these increased raw material costs. As a result, higher raw material costs could result in declining margins and operating results.

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

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

We operate in highly competitive markets.

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

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

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

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

Our success largely depends on the efforts and abilities of key personnel within the company. 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, 2008, unions at our Columbus, Ohio and Matamoros, Mexico facilities represented approximately 65% of our entire workforce. As a result, we are subject to the risk of work stoppages and other labor-relations matters. The current Columbus, Ohio and Matamoros, Mexico union contracts extend through August 4, 2010 and January 16, 2010, 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.

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Increases in energy prices will increase our operating costs and likely reduce our profitability.

We use energy to manufacture our products. Our operating costs increase if energy costs rise. During periods of higher energy costs, we may not be able to recover our operating cost increases through production efficiencies and price increases. While we may hedge our exposure to higher prices via future energy purchase contracts, increases in energy prices 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 the Company.

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 Core Molding Technologies 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

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customers expectations. In addition, even if we are able to invest sufficient resources, these investments may not generate net sales that exceed our expenses, generate any net sales at all, or result in any commercially acceptable products.

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

Our U.S. debt covenants contain several financial restrictions. 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.

Our efficiencies related to the proximity to our customers could be affected and would hurt our ability to be competitive.

Our facilities are located in close proximity to our customers in order to minimize both our customer s and our own costs. If any of our customers were to move or if nearby facilities are closed, that would impact our ability to remain competitive. This might require us to move closer to our customers or build new facilities to meet our customer s needs. If we would need to move any of our operations, it could have a materially adverse affect on our financial operations and cash flows.

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

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

Our stock price can be volatile.

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

We are subject to environmental rules and regulations that may require us to make substantial expenditures.

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

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

We have entered into executive severance agreements with certain senior management employees that provide for significant severance payments in the event such employee s employment with us is terminated within 2 years of a change in control (as defined in the severance agreement) either by the employee for good reason (as defined in the severance agreement) or by us for any reason other than cause (as defined in the severance agreement), or for death, or disability. A change in control under these agreements includes any transaction or series of related transactions as a result of which less than fifty percent (50%) of the combined voting power of the then-outstanding securities immediately after such transaction are held in the aggregate by the holders of voting stock of the Company

immediately prior to such transaction; any person has become the beneficial owner of securities representing 50% or more of the voting stock of the Company; the Company files a report or proxy

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statement with the Securities and Exchange Commission 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 the Company s stock in connection with the sale of the Columbus Plastics unit to Core Molding Technologies, Inc. in 1996. On July 18, 2007, the Company entered into a stock repurchase agreement with Navistar, pursuant to which the Company purchased 3,600,000 of these shares from Navistar. The remaining 664,000 shares of Core Molding Technologies Common Stock 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. Core Molding Technologies 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 of Core Molding Technologies Common Stock 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 shares of Core Molding Technologies Common Stock by Navistar, if any, on the market price of the Core Molding Technologies Common Stock prevailing from time to time. Sales of substantial amounts of Core Molding Technologies Common Stock by Navistar, or the perception that such sales could occur, could adversely affect prevailing market prices for those securities.

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

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

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

The financial markets are experiencing a period of turmoil, including the bankruptcy, restructuring or sale of certain financial institutions and the intervention of the U.S. federal government. While the ultimate outcome of these types of events in the financial market cannot be predicted, they could have a material adverse effect on our liquidity and financial condition if our ability to borrow money from our existing lenders were to be impaired. A crisis in the financial markets may also have a material adverse impact on the availability and cost of credit in the future. Our ability to pay our debt or refinance our obligations will depend on our future performance, which could be affected by, among other things, prevailing economic conditions. A financial crisis may also have an adverse effect on the U.S. and world economies, which would have a negative impact on demand for our products. In addition, tightening of credit markets may have an adverse impact on our customers ability to finance the sale of new heavy-duty 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.

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ITEM 2. PROPERTIES

The Company owns two production plants in the United States that are situated in Columbus, Ohio and Gaffney, South Carolina and leases production facilities in Batavia, Ohio and Matamoros, Mexico. The Company is also in the process of building a new production facility in Matamoros, Mexico to replace its leased facility. The Company believes that, through productive use, these facilities have adequate production capacity to meet current production volume.

At the Columbus, Ohio and Gaffney, South Carolina facilities the Company measures molding capacity in terms of its twelve large molding presses (i.e. 2,000 tons and greater). The approximate large press capacity utilization for the molding of production products in the Company s United States production facilities was 62%, 50%, and 62%, in the fourth quarter of 2008, 2007, and 2006, respectively. Capacity utilization is measured on the basis of a five day, three-shifts per day operation. The increased capacity utilization in the fourth quarter of 2008 was primarily due to production of an inventory bank of parts to support the move of certain production equipment from Columbus, Ohio to the Company s new facility in Matamoros, Mexico.

The Columbus, Ohio plant is located at 800 Manor Park Drive on approximately 28.2 acres of land. The approximate 331,558 square feet of available floor space at the Columbus, Ohio plant is comprised of the following:

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

The Company acquired the property at 800 Manor Park Drive in 1996 as a result of the Asset Purchase Agreement with Navistar.

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
Total	110,900

The Columbus, Ohio and Gaffney, South Carolina 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.

As a result of the acquisition of the Cincinnati Fiberglass Division of Diversified Glass, Inc., the Company leases a production plant in Batavia, Ohio located at 4174 Half Acre Road on approximately 9 acres of land. The term of the lease is seven years through July 2012. The Company has the option to terminate the lease at any time, by providing written notice to the lessor no later than 90 days prior to the intended termination date. The Company has the option to purchase the property at the end of every lease year. The approximate 107,740 square feet of available floor space at the Batavia, Ohio plant is comprised of the following:

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

Total	107,740

The capacity of production in this facility is not linked directly to equipment capacities, due to the nature of the products produced. Capacity of the facility is tied to available floor space and the availability of personnel. The approximate capacity utilization for this operation was 38%, 49% and 82% in the fourth quarter of 2008, 2007 and 2006, respectively.

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In conjunction with the establishment of operations in Mexico, as discussed above, the Company leases a production plant in Matamoros, Mexico, located at Ave. Uniones Y Michigan, Matamoros, Tamps. Mexico. The term of the lease is ten years through October 2011, with an option to renew for an additional ten years and with an option to buy the facility at any time within the first seven years of the lease. The lease is cancelable by the Company with six months written notice. The Company has given written notice to the owner of the facility of the Company s intent to move out of the facility in June of 2009. The facility consists of approximately 313,000 square feet on approximately 12 acres comprised of the following:

	Approximate Square Feet
Manufacturing/Warehouse	309,400
Office	3,600
Total	313,000

The capacity of production in this facility is not linked directly to equipment capacities, due to the nature of the products produced. Capacity of the facility is tied to available floor space and the availability of personnel. The approximate capacity utilization for this operation was 50%, 42%, and 82% in the fourth quarter of 2008, 2007, and 2006, respectively.

Additionally, the Company is currently constructing a new 437,000 square foot manufacturing facility in Matamoros. Approximately 422,000 square feet is dedicated to manufacturing and warehousing and 15,000 square feet is office space. The Company will own the new facility and have both spray up molding and SMC manufacturing processes within the building. The building is expected to be completed during the second quarter of 2009.

ITEM 3. LEGAL PROCEEDINGS

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

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

The Company submitted no matters to a vote of its security holders during the fourth quarter of its fiscal year ended December 31, 2008**.**

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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	2008	$ 6.24	$2.05
Third Quarter	2008	7.49	5.50
Second Quarter	2008	7.40	6.55
First Quarter	2008	7.90	6.48
Fourth Quarter	2007	$ 7.71	$6.75
Third Quarter	2007	8.74	6.70
Second Quarter	2007	8.48	6.56
First Quarter	2007	10.35	7.05

The Company s common stock was held by 342 holders of record on March 27, 2009.

The Company made no payments of cash dividends during 2008 and 2007. 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, 2008:

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	499,681	$ 3.96	2,012,596
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.

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COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Core Molding Technologies Inc., The S&P Smallcap 600 Index
And The S&P Construction & Farm Machinery & Heavy Trucks Index

* $100 invested on 12/31/03 in stock & index-including reinvestment of dividends. Fiscal year ending December 31.

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)	Years Ended December 31, 2008	2007	2006	2005	2004
Operating Data:					
Product sales	$ 110,539	$ 101,045	$ 150,174	$ 124,910	$ 103,733
Tooling sales	6,116	21,667	12,156	5,633	8,112
Net sales	116,655	122,712	162,330	130,543	111,845
Gross margin	21,210	16,968	29,869	23,275	17,113
Income before interest and taxes	9,190	5,569	15,856	10,394	6,572
Net income	5,643	3,726	10,411	6,286	5,135
Earnings Per Share Data:					
Net income per common share:					
Basic	.84	.43	1.03	.63	.53
Diluted	.81	.41	1.00	.60	.52
Balance Sheet Data:					
Total assets	73,831	61,695	89,506	74,221	68,960
Working capital	10,631	6,253	27,575	22,766	13,530