IMPERIAL OIL LTD
Form 10-K
February 28, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2007 Commission file number: 0-12014

IMPERIAL OIL LIMITED

(Exact name of registrant as specified in its charter)

CANADA (State or other jurisdiction of incorporation or organization)	98-0017682 (I.R.S. Employer Identification No.)
237 FOURTH AVENUE S.W., CALGARY, AB, CANADA (Address of principal executive offices)	T2P 3M9 (Postal Code)

Registrant s telephone number, including area code:
1-800-567-3776

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
None	**None**

Securities registered pursuant to Section 12(g) of the Act:
Common Shares (without par value)

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Exchange Act of 1934).
Yes ü No......

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
Yes ...... No ü

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 ü 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.
Yes ü No......

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 definition of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Securities Exchange Act of 1934).

Large accelerated filer ü Accelerated filer...... Non-accelerated filer...... Smaller reporting company......

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12 b-2 of the Securities Exchange Act of 1934).
Yes ...... No ü

As of the last business day of the 2007 second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the registrant was Canadian $13,974,075,595 based upon the reported last sale price of such stock on the Toronto Stock Exchange on that date.

The number of common shares outstanding, as of February 14, 2008, was 900,825,903.

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All dollar amounts set forth in this report are in Canadian dollars, except where otherwise indicated.
Note that numbers may not add due to rounding.

The following table sets forth (i) the rates of exchange for the Canadian dollar, expressed in U.S. dollars, in effect at the end of each of the periods indicated, (ii) the average of exchange rates in effect on the last day of each month during such periods, and (iii) the high and low exchange rates during such periods, in each case based on the noon buying rate in New York City for wire transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	2007	**2006**	**2005**	**2004**	**2003**
			(dollars)		
Rate at end of period	**1.0120**	0.8582	0.8579	0.8310	0.7738
Average rate during period	**0.9376**	0.8844	0.8276	0.7702	0.7186
High	**1.0908**	0.9100	0.8690	0.8493	0.7738
Low	**0.8437**	0.8528	0.7872	0.7158	0.6349

On February 14, 2008, the noon buying rate in New York City for wire transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York was $1.0033 U.S. = $1.00 Canadian.

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This report contains forward looking information on future production, project start ups and future capital spending. Actual results could differ materially as a result of market conditions or changes in law, government policy, operating conditions, costs, project schedules, operating performance, demand for oil and natural gas, commercial negotiations or other technical and economic factors.

PART I

Item 1. Business.

Imperial Oil Limited was incorporated under the laws of Canada in 1880 and was continued under the Canada Business Corporations Act (the CBCA) by certificate of continuance dated April 24, 1978. The head and principal office of the company is located at 237 Fourth Avenue S.W. Calgary, Alberta, Canada T2P 3M9; telephone 1-800-567-3776. Exxon Mobil Corporation owns approximately 69.6 percent of the outstanding shares of the company with the remaining shares being publicly held, with the majority of shareholders having Canadian addresses of record. In this report, unless the context otherwise indicates, reference to the company or Imperial includes Imperial Oil Limited and its subsidiaries.

The company is one of Canada s largest integrated oil companies. It is active in all phases of the petroleum industry in Canada, including the exploration for, and production and sale of, crude oil and natural gas. In Canada, it is one of the largest producers of crude oil and natural gas liquids and a major producer of natural gas, and the largest refiner and marketer of petroleum products. It is also a major supplier of petrochemicals.

Financial Information by Operating Segments (under U.S. GAAP)

	2007	2006	2005	2004	2003
External sales (1):			(millions of dollars)		
Natural resources	**4,539**	4,619	4,702	3,689	3,390
Petroleum products	**19,230**	18,527	21,793	17,503	14,710
Chemicals	**1,300**	1,359	1,302	1,216	994
Corporate and other					
	25,069	24,505	27,797	22,408	19,094
Intersegment sales:					
Natural resources	**4,146**	3,837	3,487	2,891	2,224
Petroleum products	**2,305**	2,256	2,224	1,666	1,294
Chemicals	**335**	345	363	293	238
Net income (2):					
Natural resources	**2,369**	2,376	2,008	1,517	1,174
Petroleum products	**921**	624	694	556	462
Chemicals	**97**	143	121	109	44
Corporate and other (3)/eliminations	**(199)**	(99)	(223)	(130)	25
	3,188	3,044	2,600	2,052	1,705
Identifiable assets at December 31 (4):					
Natural resources	**8,171**	7,513	7,289	6,822	6,397
Petroleum products	**6,727**	6,450	6,257	5,509	5,225
Chemicals	**476**	504	500	490	433
Corporate and other/eliminations	**1,251**	1,674	1,536	1,206	282
	16,287	16,141	15,582	14,027	12,337

Capital and exploration expenditures:					
Natural resources	**744**	787	937	1,113	1,007
Petroleum products	**187**	361	478	283	478
Chemicals	**11**	13	19	15	41
Corporate and other	**36**	48	41	34	33
	978	1,209	1,475	1,445	1,559

(1) Export sales are reported in note 3 to the consolidated financial statements on page F-10. Total external sales include $4,894 million for 2005, $3,584 million for 2004, and $2,851 million for 2003 for purchases/sales contracts with the same counterparty. Associated costs were included in purchases of crude oil and products . Effective January 1, 2006, these purchases/sales were recorded on a net basis. See note 1, Summary of significant Accounting Policies.

(2) These amounts are presented as if each segment were a separate business entity and, accordingly,

include the financial effect of transactions between the segments. Intersegment sales are made essentially at prevailing market prices.

(3) Includes primarily interest charges on the debt obligations of the company, interest income on investments, incentive compensation expenses, and intersegment consolidating adjustments.

(4) The identifiable assets in each operating segment represent the net book value of the tangible and intangible assets attributed to such segment. Net intangible assets representing unrecognized prior service costs associated with the recognition of the additional minimum pension liability in 2005 and prior years have been reclassified from the operating segments to the

corporate and other segment. Amounts reclassified into the corporate and other segment were $92 million for 2005, $97 million in 2004, and $89 million for 2003. This change has no impact on total identifiable assets at December 31 of 2005 and prior years.

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The company s operations are conducted in three main segments: natural resources (upstream), petroleum products (downstream) and chemicals. Natural resources operations include the exploration for, and production of, conventional crude oil, natural gas, upgraded crude oil and heavy oil. Petroleum products operations consist of the transportation, refining and blending of crude oil and refined products and the distribution and marketing thereof. The chemicals operations consist of the manufacturing and marketing of various petrochemicals.

Natural Resources

Petroleum and Natural Gas Production

The company s average daily production of crude oil and natural gas liquids during the five years ended December 31, 2007, was as follows:

		2007	2006	2005	2004	2003
Conventional (including natural gas liquids):				(thousands a day)		
Barrels	Gross (1)	**45**	55	69	76	74
	Net (2)	**33**	42	54	59	57
Heavy Oil (3):						
Barrels	Gross (1)	**154**	152	139	126	129
	Net (2)	**130**	127	124	112	116
Oil Sands (4):						
Barrels	Gross (1)	**76**	65	53	60	53
	Net (2)	**65**	58	53	59	52
Total:						
Barrels	Gross (1)	**275**	272	261	262	256
	Net (2)	**228**	227	231	230	225

(1) Gross production of crude oil is the company s share of production from conventional wells, Syncrude oil sands and Cold Lake heavy oil, and gross production of natural gas liquids is the amount derived from processing the company s share of production of natural gas (excluding purchased gas), in each case before

deduction of the mineral owners or governments share or both.

(2) Net production is gross production less the mineral owners or governments share or both.

(3) Heavy oil typically is represented by crude oils with a viscosity of greater than 10,000 cP and recovered through enhanced thermal operations. The company s heavy oil production volumes are from the Cold Lake production operations.

(4) Oil sands are a semi-solid material composed of bitumen, sand, water and clays and are recovered through surface mining methods. Imperial s oil sands production volumes are the company s share of production volumes in the Syncrude joint venture.

In 2004, conventional liquids production increased primarily due to increased natural gas liquids production from the Wizard Lake gas cap. In 2005 and 2006 conventional production fell mainly due to the natural decline of the

company s conventional fields. In 2007, the lower production volume was primarily due to decline in the Wizard Lake field. In 2004, Cold Lake production declined due to the timing of steaming cycles and higher royalty, and Syncrude production increased due to improved reliability in upgrading operations than in 2003. In 2005, Cold Lake production increased due to the timing of steaming cycles and increased volumes from the ongoing development drilling program, and Syncrude production declined primarily due to increased maintenance for upgrading facilities. In 2006, Cold Lake production increased due to timing of steam cycles and production from the ongoing development drilling program and Syncrude production increased due to lower maintenance activities and the start-up of expanded upgrading facilities. In 2007, Cold Lake production increased due to timing of steam cycles and production from the ongoing development drilling program and Syncrude production increased with full year operation of the expanded upgrading facilities.

The company s average daily production and sales of natural gas during the five years ended December 31, 2007 are set forth below. All gas volumes in this report are calculated at a pressure base of 14.73 pounds per square inch absolute at 60 degrees Fahrenheit.

	2007	**2006**	**2005**	**2004**	**2003**
			(millions a day)		
Sales (1):					
Cubic feet	**407**	513	536	520	460
Gross Production (2):					
Cubic feet	**458**	556	580	569	513
Net Production (2):					
Cubic feet	**404**	496	514	518	457

(1) Sales are sales of the company s share of production (before deduction of the mineral owners and/or governments share) and sales of gas purchased, processed and/or resold.

(2) Gross production of natural gas is the company s share of production (excluding purchases) before deducting the shares of mineral owners or governments or both. Net

production excludes those shares. Production data include amounts used for internal consumption with the exception of amounts reinjected.

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In 2004 natural gas production increased primarily due to increased production from the Wizard Lake gas cap. In 2005, gross natural gas production increased due to increased production from the Nisku and Wizard Lake gas caps and the Medicine Hat gas field. In 2006, gas production decreased primarily due to natural decline. In 2007, the lower production volume was primarily due to decline in production from the gas cap at Wizard Lake.

Most of the company s natural gas sales are made under short term contracts.

The company s average sales price and production costs for conventional crude oil, Cold Lake heavy oil and natural gas liquids and natural gas for the five years ended December 31, 2007, were as follows:

	2007	**2006**	**2005**	**2004**	**2003**
Average Sales Price:					
Crude oil and natural gas liquids:					
Dollars per barrel	**45.16**	45.13	37.21	32.95	28.92
Natural gas:					
Dollars per thousand cubic feet	**6.95**	7.24	9.00	6.78	6.60
Average Production Costs Per					
Unit of Net Production (1)(2):					
Dollars per barrel	**12.75**	11.08	10.78	9.25	9.66

(1) Average production costs per unit of production do not include depreciation and depletion of capitalized acquisition, exploration and development costs. Administrative expenses are included. Average production (lifting) costs per unit of net production were computed after converting gas production into equivalent units of oil on the basis of relative energy content.

(2) Unit production costs are sometimes referred to as

lifting costs.

Canadian crude oil prices are mainly determined by international crude oil markets which are volatile and the impact of foreign exchange rates.

Canadian natural gas prices are determined by North American gas markets which are also volatile and the impact of foreign exchange rates. Natural gas prices throughout North America increased in the second half of 2005 due to supply disruptions from hurricane damage to facilities in the U.S. Gulf Coast.

In 2004, average unit production costs decreased mainly due to higher production from the Wizard Lake gas cap. In 2005, average unit production costs increased mainly due to higher costs of purchased natural gas at Cold Lake. In 2006, average production costs increased due to lower gas production and higher liquids royalties resulting in lower net liquids production. Liquids royalties were higher in the year due to increased realizations for Cold Lake production. In 2007, unit production costs were higher primarily as a result of lower gas and liquids volumes due to decline in production from Wizard Lake.

The company has interests in a large number of facilities related to the production of crude oil and natural gas. Among these facilities are 21 plants that process natural gas to produce marketable gas and recover natural gas liquids or sulphur. The company is the principal owner and operator of 10 of the plants.

The company s production of conventional crude oil, Cold Lake heavy oil and natural gas is derived from wells located exclusively in Canada. The total number of producing wells in which the company had interests at December 31, 2007, is set forth in the following table. The statistics in the table are determined in part from information received from other operators.

	Crude Oil		**Natural Gas**		**Total**	
	Gross (1)	**Net (2)**	**Gross (1)**	**Net (2)**	**Gross (1)**	**Net (2)**
Conventional wells	1,139	756	5,090	2,773	6,229	3,529
Heavy Oil wells	4,143	4,143			4,143	4,143

(1) Gross wells are wells in which the company owns a working interest.

(2) Net wells are the sum of the fractional working interests owned by the company in gross wells, rounded to the nearest whole number.

Conventional Oil and Gas

The company s largest conventional oil producing asset is the Norman Wells oil field in the Northwest Territories which currently accounts for approximately 57 percent of the company s net production of conventional crude oil (approximately 63 percent of gross production). In 2007, net production of crude oil and natural gas liquids was about 12,400 barrels per day and gross production was about 18,200 barrels per day. The Government of Canada has a one-third carried interest and receives a production royalty of five percent in the Norman Wells oil field. The Government of Canada s carried interest entitles it to receive payment of a one-third share of an amount based on revenues from the sale of Norman Wells production, net of operating and capital costs. Under a shipping agreement, the company pays for the construction, operating and other costs of the 540 mile pipeline which transports the crude

oil and natural gas liquids from the project. In 2007, those costs were about $33 million.

Most of the larger oil fields in the Western Provinces have been in production for several decades, and the amount of oil that is produced from conventional fields is declining. In some cases, however, additional oil can be

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recovered by using various methods of enhanced recovery. The company s largest enhanced recovery projects are located at the West Pembina oil field.

The company produces natural gas from a large number of gas fields located in the Western Provinces, primarily in Alberta. The company also has a nine percent interest in a project to develop and produce natural gas reserves in the Sable Island area off the coast of the Province of Nova Scotia.

Cold Lake

The company holds about 192,000 acres of heavy oil leases near Cold Lake, Alberta. To develop the technology necessary to produce this oil commercially, the company has conducted experimental pilot operations since 1964 to recover the heavy oil from wells by means of new drilling and production techniques including steam injection. Research at, and operation of, the Cold Lake pilots is continuing.

In late 1983, the company commenced the development, in phases, of its heavy oil resources at Cold Lake. During 2007, average net production at Cold Lake was about 130,000 barrels per day and gross production was about 153,500 barrels per day.

To maintain production at Cold Lake, capital expenditures for additional production wells and associated facilities will be required periodically. In 2007, the company spent $307 million and executed a development drilling program of 188 wells on existing phases. In 2008, a development drilling program of more than 100 wells is planned within the approved development area to add productive capacity from undeveloped areas of existing Cold Lake phases. In addition, opportunities are being evaluated to improve utilization of the existing infrastructure.

Most of the production from Cold Lake is sold to refineries in the northern United States. The remainder of the Cold Lake production is shipped to certain of the company s refineries and to a third-party heavy oil upgrader in Lloydminster, Saskatchewan.

The Province of Alberta, in its capacity as lessor of the Cold Lake heavy oil leases, is entitled to a royalty on production from the Cold Lake production project. The original royalty agreement, which applied through the end of 1999, provided for a royalty calculated at the greater of five percent of gross revenue or 30 percent of an amount based on revenue net of operating and capital costs. It also provided for a royalty waiver on equity natural gas produced in Alberta and deemed to be consumed in generating steam at the company s Cold Lake operations. Effective January 1, 2000, the company entered into an agreement with the Province of Alberta on a transitional royalty arrangement that applied to all of the company s operations at Cold Lake until the end of 2007 at which time the generic Alberta regulations for heavy oil royalties applied. The transition agreement made provision for the differences between the two royalty regimes (higher bitumen royalties with gas royalty waiver vs. lower bitumen royalties and no gas royalty waiver). The generic regulations which apply effective January 1, 2008, provide for a royalty calculated at the greater of one percent of gross revenue or 25 percent of an amount based on revenue net of operating and capital costs, and with no gas royalty waiver. The transition did not materially change the amount of royalties that the company would have otherwise paid under the pre-existing royalty arrangements. In 2007, the Alberta government proposed increases to the royalty rates beginning in 2009. The company believes that this proposal could have an adverse effect on future company investments in Alberta and the company s future financial results. The magnitude of the potential impact will depend on the final form of enacted legislation and the future prices of oil and gas and cannot be reasonably estimated at this time. The effective royalty on gross production was 15 percent in 2007, 17 percent in 2006, 11 percent in 2005 and 2004 and 10 percent in 2003.

Other Heavy Oil Activity

The company has interests in other heavy oil leases in the Athabasca and Peace River areas of northern Alberta. Evaluation wells completed on these leased areas established the presence of heavy oil. The company continues to evaluate these leases to determine their potential for future development.

The company holds varying interests in heavy oil lands totaling about 168,000 leased net acres in the Athabasca area. The company, as part of an industry consortium and several joint ventures, has been involved in recovery research and pilot studies and in evaluating the quality and extent of the heavy oil deposit.

Syncrude Mining Operations

The company holds a 25 percent participating interest in Syncrude, a joint venture established to recover shallow deposits of oil sands using open-pit mining methods, to extract the crude bitumen, and to produce a high-quality, light

(32 degree API), sweet, synthetic crude oil. The Syncrude operation, located near Fort McMurray, Alberta (see map), mines a portion of the Athabasca oil sands deposit. The location is readily accessible by public road. The produced synthetic crude oil is shipped from the Syncrude site to Edmonton, Alberta by Alberta Oil Sands Pipeline Ltd. Since startup in 1978, Syncrude has produced about 1.8 billion barrels of synthetic crude oil.

Syncrude has an operating license issued by the Province of Alberta which is effective until 2035. This license permits Syncrude to mine oil sands and produce synthetic crude oil from approved development areas on oil sands leases. Syncrude holds eight oil sands leases covering about 248,300 acres in the Athabasca oil sands deposit. Issued by the Province of Alberta, the leases are automatically renewable as long as oil sands operations are ongoing or the leases are part of an approved development plan. Syncrude leases 10, 12, 17, 22 and 34 (containing proven reserves) and leases 29, 30 and 31 (containing no proven reserves) are included within a development plan approved by the Province of Alberta. There were no known previous commercial operations on these leases prior to the start-up of operations in 1978.

As of January 1, 2002, the greater of 25 percent deemed net profit royalty or one percent gross royalty applies to all Syncrude production after the deduction of new capital expenditures.

In 2007, the Alberta government proposed changes to the generic oil sands royalty regime beginning in 2009. The Syncrude Joint Venture owners have a Crown Agreement with the Province of Alberta that codifies the royalty rates through December 31, 2015. The Syncrude Joint Venture owners are in discussions with the Alberta government to determine if an amended agreement can be negotiated that would transition Syncrude to the new generic royalty regime before 2016.

The Government of Canada had issued an order that expired at the end of 2003 which provided for the remission of any federal income tax otherwise payable by the participants as the result of the non-deductibility from the income of the participants of amounts receivable by the Province of Alberta as a royalty or otherwise with respect to Syncrude. That remission order excluded royalty payable on production for the Aurora project.

Operations at Syncrude involve three main processes: open pit mining, extraction of crude bitumen and upgrading of crude bitumen into synthetic crude oil. The Base mine (located on lease 17) was depleted and ceased operation in 2007. In the North mine (leases 17 and 22) and in the Aurora mine (leases 10, 12 and 34), truck, shovel and hydrotransport systems are used. The extraction facilities, which separate crude bitumen from sand, are capable of processing approximately 830,000 tons of oil sands a day, producing about 150 million barrels of crude bitumen a year. This represents recovery capability of about 93 percent of the crude bitumen contained in the mined oil sands.

Crude bitumen extracted from oil sands is refined to a marketable hydrocarbon product through a combination of carbon removal in three large, high temperature, fluid coking vessels and by hydrogen addition in high temperature, high pressure, hydrocracking vessels. These processes remove carbon and sulphur and reformulate the crude into a low viscosity, low sulphur, high quality synthetic crude oil product. In 2007, the upgrading process yielded 0.843 barrels of synthetic crude oil per barrel of crude bitumen. In 2007, about 38 percent of the synthetic crude oil was processed by Edmonton area refineries and the remaining 62 percent was pipelined to refineries in

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eastern Canada or exported to the United States. Electricity is provided to Syncrude by a 270 megawatt electricity generating plant and a 160 megawatt electricity generating plant, both located at Syncrude. The generating plants are owned by the Syncrude participants. Recycled water is the primary water source, and incremental raw water is drawn, under license, from the Athabasca River. The company s 25 percent share of net investment in plant, property and equipment, including surface mining facilities, transportation equipment and upgrading facilities is about $3.4 billion.

In 2007 Syncrude s net production of synthetic crude oil was about 259,300 barrels per day and gross production was about 305,000 barrels per day. The company s share of net production in 2007 was about 64,800 barrels per day.

In 2000, Syncrude completed development of the first stage of the Aurora mine. The Aurora investment involved extending mining operations to a new location about 22 miles from the main Syncrude site and expanding upgrading capacity. In 2001, the Syncrude owners approved another major expansion of upgrading capacity and further development of the Aurora mine. The second Aurora mining and extraction development became fully operational in 2004. The increased upgrading capacity came on stream in 2006. These projects increased total production capacity to about 355,000 barrels of synthetic crude oil a day. The company s share of total project costs was $2.1 billion. Additional mining trains in the North mine and Aurora mine were also completed in 2005. There are no approved plans for major future expansion projects.

On May 1, 2007, the company implemented a management services agreement under which Syncrude will be provided with operational, technical and business management services from Imperial and Exxon Mobil Corporation. The agreement has an initial term of 10 years and may be terminated by the company or Syncrude with at least two years prior written notice.

The following table sets forth certain operating statistics for the Syncrude operations:

	2007	**2006**	**2005**	**2004**	**2003**
Total mined overburden (1)					
millions of cubic yards	**132.2**	128.2	97.1	100.3	109.2
Mined overburden to oil sands ratio (1)	**1.06**	1.18	1.02	0.94	1.15
Oil sands mined					
millions of tons	**221.0**	195.5	168.0	188.0	168.0
Average bitumen grade (weight percent)	**11.6**	11.4	11.1	11.1	11.0
Crude bitumen in mined oil sands					
millions of tons	**25.6**	22.2	18.6	20.9	18.5
Average extraction recovery (percent)	**91.8**	90.3	89.1	87.3	88.6
Crude bitumen production (2)					
millions of barrels	**132.5**	111.6	94.2	103.3	92.3
Average upgrading yield (percent)	**84.3**	84.9	85.3	85.5	86.0
Gross synthetic crude oil produced					
millions of barrels	**113.0**	95.5	79.3	88.4	78.4
Company s net share (3)					
millions of barrels	**23.7**	21.3	19.3	21.6	19.1

(1) Includes pre-stripping of mine areas and reclamation volumes.

(2) Crude bitumen production is equal to crude bitumen in

mined oil sands multiplied by the average extraction recovery and the appropriate conversion factor.

(3) Reflects the company s 25 percent interest in production, less applicable royalties payable to the Province of Alberta.

Other Oil Sands Activity

The company holds a 100 percent interest in approximately 33,400 acres of surface mineable oil sands which forms part of the Kearl project in the Athabasca region of northern Alberta. The company, as operator, filed a regulatory application in July 2005 with the Alberta Energy and Utilities Board for the development of the Kearl oil sands as a joint project with ExxonMobil Canada. The Alberta Energy and Utilities Board and the Government of Canada gave conditional regulatory approval in February 2007 to the company s proposed project, following a joint federal and provincial review. The company, with an approximate 70 percent interest, continues to progress a phased development of the project.

The company is continuing to evaluate other undeveloped oil sands acreage.

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Land Holdings

At December 31, 2007 and 2006, the company held the following oil and gas rights, and heavy oil and oil sands leases:

			Acres			
	Developed		Undeveloped		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Western Provinces			(thousands)			
Conventional						
Gross (1)	**2,529**	2,550	**371**	382	**2,900**	2,932
Net (2)	**995**	1,006	**223**	235	**1,218**	1,241
Heavy Oil						
Gross (1)	**102**	102	**429**	429	**531**	531
Net (2)	**102**	102	**258**	258	**360**	360
Oil Sands						
Gross (1)	**116**	116	**293**	294	**409**	410
Net (2)	**29**	29	**134**	134	**163**	163
Canada Lands (3):						
Conventional						
Gross (1)	**78**	78	**1,302**	794	**1,380**	872
Net (2)	**8**	8	**496**			
Total other sales	2,238,449	2,804,108	6,776,991	9,222,373		
Total product sales	19,801,193	29,497,102	54,275,278	84,875,561		
Total tooling sales	4,624,339	533,461	5,834,479	4,179,133		
Total sales	$ 24,425,532	$ 30,030,563	$ 60,109,757	$ 89,054,694		

4. Comprehensive Income (Loss)

Comprehensive income (loss) represents net income (loss) plus the results of certain equity changes not reflected in the Consolidated Statements of Operations. The components of comprehensive income (loss), net of tax, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Net income (loss)	$ 827,021	$ 1,687,927	$ (699,968)	$ 4,268,341
Hedge accounting effect of interest rate swaps, net of deferred income tax expense of $8,394 and $18,424 for the three and nine months ended September 30, 2009 and deferred income tax expense of $11,996 and $9,209 for the three and nine months ended September 30, 2008, respectively	19,729	23,286	40,343	17,877
Amortization of previously unrecognized postretirement plan loss, net of deferred income		20,639		61,916

tax benefit of $11,361 and $34,083 for the three and nine months ended September 30, 2008, respectively.				
Comprehensive income (loss)	$ 846,750	$ 1,731,852	$ (659,625)	$ 4,348,134

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5. Postretirement Benefits

The components of expense for all of Core Molding Technologies postretirement benefit plans for the three and nine months ended September 30, 2009 and 2008 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Pension expense:				
Defined contribution plan contributions	$ 77,000	$ 66,000	$ 253,000	$ 315,000
Multi-employer plan contributions	109,000	126,000	304,000	389,000
Total pension expense	186,000	192,000	557,000	704,000
Health and life insurance:				
Service cost	152,000	159,000	456,000	477,000
Interest cost	237,000	263,000	711,000	788,000
Amortization of net loss		32,000		96,000
Net periodic benefit cost	389,000	454,000	1,167,000	1,361,000
Total postretirement benefits expense	$ 575,000	$ 646,000	$ 1,724,000	$ 2,065,000

Core Molding Technologies has made contributions of approximately $707,000 to pension plans and $423,000 of postretirement healthcare payments through September 30, 2009 and expects to make approximately $102,000 of pension payments through the remainder of 2009. The Company also expects to make approximately $97,000 of postretirement healthcare payments through the remainder of 2009, all of which are accrued at September 30, 2009.

6. Debt

Credit Agreement; Amendments

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

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

the $12,000,000 construction loan.

On June 30, 2009, the Company entered into the second amendment (the Second Amendment) to the Credit Agreement, dated as of December 9, 2008, with KeyBank. Pursuant to the terms of the Second Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included (1) an increase in the applicable margin for interest rates applicable to LIBOR loans to 450 basis points, effective June 30, 2009, for both construction loans and the revolving line of credit; with all rates other than rates applicable to the term loan decreasing by 25 basis points upon reaching a leverage ratio of less than 2.25 to 1.00, (2) a decrease in the applicable margin for the interest rate applicable to the term loan to 200 basis points in excess of LIBOR or the Base Rate, (3) a change in the definition of consolidated EBITDA to add back non-cash post-retirement expenses minus retirement benefits paid in cash, (4) the deletion of the 150 basis point interest rate floor from the LIBOR rates applicable to the $8,000,000 and $12,000,000 construction loans and the revolving line of credit, and (5) the extension of the commitment for the revolving line of credit to April 30, 2011.

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Bank Covenants

The Company is required to meet certain financial covenants included in the Credit Agreement with respect to leverage ratios, fixed charge ratios, capital expenditures as well as other customary affirmative and negative covenants. As of September 30, 2009, the Company was in compliance with its financial covenants associated with the loans made under the Credit Agreement as described above, as well as financial covenants contained in certain equipment leases to which the Company is a party.

Based upon the Company s forecasts, which are primarily based on industry analysts estimates of 2009 and 2010 heavy and medium-duty truck production volumes as well as other assumptions management believes to be reasonable, management believes that the Company will be able to maintain compliance with the financial covenants set forth in the Credit Agreement, as amended by the First Amendment and Second Amendment, 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.

Interest Rate Swaps

In conjunction with its variable rate Industrial Revenue Bond (IRB) the Company has entered into an interest rate swap agreement, which is designated as a cash flow hedging instrument. Under this agreement, the Company pays a fixed rate of 4.89% to the counterparty and receives 76% of the 30-day commercial paper rate. The swap term and notional amount matches the payment schedule on the IRB with final maturity in April 2013. The difference paid or received varies as short-term interest rates change and is accrued and recognized as an adjustment to interest expense. 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 such non-performance is unlikely to occur given the financial resources of the counterparty. The effectiveness of the swap is assessed at each financial reporting date by comparing the commercial paper rate of the swap to the benchmark rate underlying the variable rate of the IRB. Any ineffectiveness of the swap is recorded as an adjustment to interest expense and historically has not been material. Interest income of $34,264 and interest expense of $54,574 was recorded for the nine months ended September 30, 2009 and 2008, respectively, related to ineffectiveness of the swap. The fair value of the swap was recorded as a liability of $228,049 and $322,108 as of September 30, 2009 and December 31, 2008, respectively. None of the changes in fair value of the interest rate swap have been excluded from the assessment of hedge effectiveness.

Effective January 1, 2004, the Company entered into an interest rate swap agreement, which is designated as a cash flow hedge of the Company s bank term loan. Under this agreement, the Company pays a fixed rate of 5.75% to the counterparty and receives LIBOR plus 200 basis points. The swap term and notional amount match the payment schedule on the bank note payable 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 exactly the same. The fair value of the swap was recorded as a liability of $40,195 and $79,973 as of September 30, 2009 and December 31, 2008 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.

Effective December 18, 2008, the Company entered into an interest rate swap agreement that became effective May 1, 2009, which was designated as a cash flow hedge of the $12,000,000 construction 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 construction loan were amended. The Company calculated an effectiveness test for the interest rate swap after this amendment and 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 Operations. The pre-tax amount previously recognized in Accumulated Other Comprehensive 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 September 30, 2009 and December 31, 2008 was recorded as a liability of $41,003 and $100,300, respectively. The Company recorded a reduction to interest expense of $104,681 for a mark-to-market adjustment of swap fair value for the nine months ended September 30, 2009 related to this swap.

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Line of Credit

At September 30, 2009, the Company had available under the Credit Agreement an $8,000,000 variable rate bank revolving line of credit scheduled to mature on April 30, 2011. The line of credit bears interest at LIBOR plus 450 basis points. The line of credit is collateralized by all of the Company s assets. At September 30, 2009 there was no balance on the Company s line of credit and at December 31, 2008, the line of credit had a balance of $1,194,000.

7. Income Taxes

Income tax benefit for the nine months ended September 30, 2009 is estimated to be approximately 30% of total loss before income taxes. For the nine months ended September 30, 2008, income taxes were estimated to be 34% of total income before income taxes. The change in the effective tax rate is primarily due to certain expenses being non-deductible in the Company s Mexican subsidiary.

As of September 30, 2009, the Company had no liability for unrecognized tax positions.

The Company files U.S. federal and state income tax returns as well as income tax returns in Mexico. The Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2005 and is subject to income tax examinations by Mexican authorities since the Company began business in Mexico in 2001. The Company does not anticipate that its unrecognized tax benefits will significantly change within the next twelve months. The Company s 2006 U.S. federal income tax return was previously subject to an audit by the Internal Revenue Service (IRS). The audit was completed in March 2009 with no findings and the Company received a statement of no change from the IRS. There are currently no income tax audits in process.

8. Stock Based Compensation

The Company has a Long Term Equity Incentive Plan (the 2006 Plan), as approved by the Company s stockholders in May 2006. This 2006 Plan replaced the Long Term Equity Incentive Plan (the Original Plan) as originally approved by the stockholders 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.

Stock Options

The following summarizes the activity relating to stock options under the plans mentioned above for the nine months ended September 30, 2009:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2008	570,225	$ 3.30
Exercised		
Granted		
Forfeited	(11,400)	3.21
Outstanding at September 30, 2009	558,825	$ 3.30
Exercisable at September 30, 2009	487,115	$ 3.29

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The following summarizes the status of, and changes to, unvested options during the nine months ended September 30, 2009:

	Number of Shares	Weighted Average Exercise Price
Unvested at December 31, 2008	88,830	$ 3.37
Granted		
Vested	(17,120)	3.24
Forfeited		
Unvested at September 30, 2009	71,710	$ 3.40

At September 30, 2009 and 2008, there was $78,884 and $170,208, respectively, of total unrecognized compensation expense, related to unvested stock options granted under the plans. Total compensation cost related to incentive stock options for the nine months ended September 30, 2009 and 2008 was $66,895 and, $93,220, respectively. This compensation expense is allocated such that $59,028 and $66,977 is included in selling, general and administrative expense and $7,867 and $26,243 is recorded in cost of sales for the nine months ended September 30, 2009 and 2008, respectively.

Restricted Stock

In May of 2006, Core Molding Technologies began granting shares of its common stock to certain directors, officers, and key managers in the form of unvested stock (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 Restricted Stock grants as of September 30, 2009 and changes during the nine months ended September 30, 2009:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2008	85,106	$ 7.01
Granted	150,210	2.56
Vested	(28,215)	5.16
Forfeited		
Unvested at September 30, 2009	207,101	$ 4.04

As of September 30, 2009 and 2008, there was $480,269 and $421,954, respectively, of total unrecognized compensation expense related to Restricted Stock granted under the 2006 Plan. The total compensation costs related to Restricted Stock grants for the nine months ended September 30, 2009 and 2008 was $199,902 and $160,934, respectively, all of which was recorded to selling, general and administrative expense.

9. 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 does 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 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 Sheet (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2009 and December 31, 2008:

Recurring Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2009
Liabilities				
Interest rate swaps	$	$ 309,247	$	$ 309,247
Total	$	$ 309,247	$	$ 309,247

	(Level 1)	(Level 2)	(Level 3)	December 31, 2008
Liabilities				
Interest rate swaps	$	$ 502,381	$	$ 502,381
Total	$	$ 502,381	$	$ 502,381

There were no non-recurring fair value measurements for the quarter ended September 30, 2009.

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. This standard is effective for fiscal years and interim periods beginning after November 15, 2008, and earlier application is encouraged. The Company adopted this standard on January 1, 2009.

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

	Balance Sheet Location	September 30, 2009 Fair Value	December 31, 2008 Fair Value
Derivatives designated as hedging instruments			
Interest rate risk activities	Interest rate swaps	$ 268,244	$ 502,381
Derivatives not designated as hedging instruments			
Interest rate risk activities	Interest rate swap	$ 41,003	$
Total Derivatives		$ 309,247	$ 502,381

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The effect of derivative instruments on the Consolidated Statements of Operations (unaudited) 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)	
Three months ended	September 30, 2009	September 30, 2008		September 30, 2009	September 30, 2008
Interest rate swaps	$ 27,363	$ (7,741)	Interest expense, net	$ (50,705)	$ (39,269)
Nine months ended	September 30, 2009	September 30, 2008		September 30, 2009	September 30, 2008
Interest rate swaps	$ 88,453	$ (27,488)	Interest expense, net	$ (159,745)	$ (87,400)

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectivness Testing)	Amount of Gain (Loss) Recognized in Income of Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
Three months ended		September 30, 2009	September 30, 2008
Interest rate swaps	Interest income (expense)	$ 2,673	$ (43,022)
Nine months ended		September 30, 2009	September 30, 2008
Interest rate swaps		$ 34,264	$ (54,574)

Interest income
(expense)

Derivatives not designated as hedging instruments

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives	
Three months ended		September 30, 2009	September 30, 2008
Interest rate swap	Interest income (expense)	$ (120,769)	$
Nine months ended		September 30, 2009	September 30, 2008
Interest rate swap	Interest income (expense)	$ 100,102	$

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During first nine months of 2009 and 2008, the Company did not reclassify any amounts related to its cash flow hedges from accumulated other comprehensive loss to earnings due to the probability that certain forecasted transactions would not occur. As discussed in Note 6 above, the Company discontinued the use of hedge accounting for one of its interest rate swaps effective March 31, 2009, and began recording all mark-to-market adjustments related to this interest rate swap within interest expense in the Company s Consolidated Statement of Operations. 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 $13,736, net of taxes.

10. Recent Accounting Pronouncements

In June 2009, the FASB issued a standard regarding the FASB Accounting Standards Codification™ (the Codification), and the hierarchy of generally accepted accounting principles, which replaces the standard previously issued by the FASB regarding the hierarchy of generally accepted accounting principles (GAAP) in the United States. This standard identifies the source of accounting principles and the framework for selecting the principles used in the preparation of financial statements of non-governmental entities that are presented in conformity with GAAP (the GAAP hierarchy). In addition, this standard establishes the Codification as the single source of authoritative GAAP recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with GAAP. All guidance contained in the Codification carries an equal level of authority. This standard was effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company adopted this standard during the third quarter of 2009, and its adoption did not have a significant impact on its financial statements.

In December 2008, the FASB issued a standard to amend guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan. This standard is effective for fiscal years ending after December 15, 2009 with earlier adoption permitted. The Company is currently reviewing the additional disclosure requirements to determine the impact on the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

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

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

In May 2009, the FASB issued a standard for the disclosure of subsequent events. This standard does not require significant changes regarding recognition or disclosure of subsequent events, but does require disclosure of the date through which subsequent events have been evaluated for purposes of disclosure and accounting recognition. The standard was effective for financial statements issued after June 15, 2009. The adoption of this standard on April 1, 2009 did not have a material impact on the Consolidated Financial Statements. Management has performed an evaluation of subsequent events through November 13, 2009, which is the date the financial statements were issued.

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

Part I Financial Information
Item 2
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 conditions in the countries in which Core Molding Technologies operates; dependence upon three 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; failure of Core Molding Technologies suppliers to perform their contractual 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; 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 the 2008 Annual Report to Shareholders on Form 10-K.

Overview

Core Molding Technologies is a compounder of sheet molding composite (SMC) and molder of fiberglass reinforced plastics. 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, the cyclicality of markets we serve, regulatory requirements, interest rates and other factors. 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 mold 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 robotic 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 and took full occupancy of its new 437,000 square foot production facility in Matamoros, Mexico that replaced its old leased facility.

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Core Molding Technologies recorded a net loss for the nine months ended September 30, 2009 of $700,000 or $0.10 per basic and diluted share, compared with net income of $4,268,000, or $0.63 per basic and $0.61 per diluted share, for the nine months ended September 30, 2008. During the nine months ended September 30, 2009, the Company has recorded approximately $2,022,000 of expense for transfer and start-up costs associated with the construction of the Company s new production facility in Mexico. The Company has also experienced a 36% decrease in product sales in the first nine months of 2009 as compared to the same period in 2008. While industry analysts are forecasting an increase in truck orders for the end of 2009 and into 2010, the Company recognizes that this expectation should be considered in light of the uncertain economy.

Results of Operations

Three Months Ended September 30, 2009, As Compared To Three Months Ended September 30, 2008

Net sales for the three months ended September 30, 2009, totaled $24,426,000, representing an approximate 19% decrease from the $30,031,000 reported for the three months ended September 30, 2008. Included in total sales were tooling project sales of $4,624,000 and $533,000 for the three months ended September 30, 2009 and September 30, 2008, respectively. Tooling project sales result from billings to customers for molds and assembly equipment built specifically for their products. These sales are sporadic in nature. Total product sales, excluding tooling project sales, were approximately 33% lower for the three months ended September 30, 2009, as compared to the same period a year ago. The primary reason for the decrease in product sales was the continued downturn in the North American medium and heavy-duty truck market caused by the overall economic conditions.

Sales to Navistar totaled $12,421,000 for the three months ended September 30, 2009, decreasing 29% from $17,509,000 in sales for the three months ended September 30, 2008. Included in total sales was $1,985,000 of tooling sales for the three months ended September 30, 2009 compared to $75,000 for the same three months in 2008. Product sales to Navistar decreased by 40% for the three months ended September 30, 2009 versus the same period of the prior year. The primary reasons for the decrease in product sales were the continued downturn in the North American medium and heavy-duty truck market as noted above as well as fewer orders for Navistar s military product line.

Sales to PACCAR totaled $6,919,000 for the three months ended September 30, 2009, decreasing 11% from $7,731,000 in sales for the three months ended September 30, 2008. Included in total sales was $281,000 of tooling sales for the three months ended September 30, 2009 compared to $381,000 for the same three months in 2008. Product sales to PACCAR decreased by 10% for the three months ended September 30, 2009 as compared to the same period of the prior year. The decrease in total product sales was primarily due to market conditions as noted above. The decrease in product sales was partially offset by a shift in PACCAR s production to truck models for which the Company provides higher content.

Sales to Daimler totaled $2,847,000 for the three months ended September 30, 2009, increasing 43% from $1,986,000 in sales for the three months ended September 30, 2008. Included in total sales was $1,791,000 of tooling sales for the three months ended September 30, 2009 compared to $17,000 for the same three months in 2008. Product sales to Daimler decreased by 46% for the three months ended September 30, 2009 as compared to the same period of the prior year. The decrease in total product sales was primarily due to market conditions as noted above.

Sales to other customers for the three months ended September 30, 2009 decreased 20% to $2,238,000 compared to $2,804,000 for the three months ended September 30, 2008. This decrease was primarily due to a decrease in product sales to a customer in the marine industry of approximately $445,000.

Gross margin was approximately 16% of sales for the three months ended September 30, 2009, compared with 20% for the three months ended September 30, 2008. The decrease in gross margin was due to lower overhead cost absorption as result of lower production volumes. Our manufacturing operations have significant overhead costs such as certain labor, energy, depreciation, lease expense and certain benefit costs, including post retirement healthcare costs, that do not change proportionately with production. Partially offsetting the decrease in gross margin was no profit sharing expense due to lower earnings.

Selling, general and administrative expenses (SG&A) totaled $2,131,000 for the three months ended September 30, 2009, decreasing from $3,186,000 for the three months ended September 30, 2008. The primary reasons for the decrease were no profit sharing expense for the three months ended September 30, 2009, as well as lower labor costs and professional fees due to cost reduction actions.

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Net interest expense increased to $517,000 for the three months ended September 30, 2009, as compared to net interest expense of $179,000 for the three months ended September 30, 2008. Included in net interest expense for the three months ended September 30, 2009 is $118,000 of interest expense from ineffectiveness related to the Company s interest rate swaps as compared to $43,000 of interest expense recorded for the same period ended September 30, 2008. The increase in interest expense was also attributed to additional borrowings used to finance the new manufacturing facility in Mexico. Interest expense related to these borrowings totaled $266,000 for the three months ended September 30, 2009. These amounts were partially offset due lower interest expense related to reductions on other debt due to regularly scheduled principal payments.

Income tax expense for the three months ended September 30, 2009, is estimated to be approximately 38% of total earnings before taxes. In the three months ended September 30, 2008, income taxes were estimated to be 37% of total earnings before taxes.

Core Molding Technologies recorded net income for the three months ended Sept 30, 2009 of $827,000 or $0.12 per basic and diluted share, compared with net income of $1,688,000, or $0.25 per basic and $0.24 per diluted share, for the three months ended September 30, 2008.

Nine Months Ended September 30, 2009, As Compared To Nine Months Ended September 30, 2008

Net sales for the nine months ended September 30, 2009, totaled $60,110,000, representing an approximate 33% decrease from the $89,055,000 reported for the nine months ended September 30, 2008. Included in total sales were tooling project sales of $5,834,000 and $4,179,000 for the nine months ended September 30, 2009 and September 30, 2008, respectively. Tooling project sales result from billings to customers for molds and assembly equipment built specifically for their products. These sales are sporadic in nature. Total product sales, excluding tooling project sales, decreased by 36% to $54,275,000 for the nine months ended September 30, 2009 as compared to $84,876,000 for the nine months ended September 30, 2008. The primary reason for the decrease in product sales was the continued downturn in the North American medium and heavy-duty truck market caused by the overall economic conditions that have existed over the past year.

Sales to Navistar totaled $31,933,000 for the nine months ended September 30, 2009, as compared to $50,402,000 for the nine months ended September 30, 2008. Included in total sales was $2,460,000 of tooling sales for the nine months ended September 30, 2009 compared to $2,868,000 for the nine months ended September 30, 2008. Total product sales to Navistar decreased by 38% for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. The primary reasons for the decrease in product sales were the continued downturn in the North American medium and heavy-duty truck market and the overall economic conditions as noted above as well as fewer orders for Navistar s military product line.

Sales to PACCAR totaled $16,801,000 for the nine months ended September 30, 2009, as compared to $23,266,000 reported for the nine months ended September 30, 2008. Included in total sales was $488,000 of tooling sales for the nine months ended September 30, 2009 compared to $841,000 for the nine months ended September 30, 2008. Total product sales to PACCAR decreased by 27% for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. The decrease in total product sales was also due to the above noted market conditions.

Sales to Daimler totaled $4,599,000 for the nine months ended September 30, 2009, as compared to $6,165,000 reported for the nine months ended September 30, 2008. Included in total sales was $1,791,000 of tooling sales for the nine months ended September 30, 2009 compared to $102,000 for the nine months ended September 30, 2008. Total product sales to Daimler decreased by 54% for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008. The decrease in total product sales was due to the above noted market conditions.

Sales to other customers for the nine months ended September 30, 2009, decreased approximately 27% to $6,777,000 from $9,222,000 for the nine months ended September 30, 2008. This decrease is primarily due to decreases in product sales for a customer in the marine industry of approximately $1,372,000 and decreases in demand for products manufactured for other North American medium and heavy-duty truck manufacturers of $1,344,000.

Gross margin was approximately 11% of sales for the nine months ended September 30, 2009, compared with 18% for the nine months ended September 30, 2008. The decrease in gross margin was due to lower overhead cost absorption which was due to lower production volumes. Our manufacturing operations have significant overhead costs such as certain labor, energy, depreciation, lease expense and certain benefit costs, including post retirement healthcare costs, that do not change proportionately with sales. Also impacting gross margin was approximately $1,804,000 of transition and start up costs incurred during the nine months ended September 30, 2009 associated with the Company s new production facility in Matamoros Mexico. Partially offsetting the decrease in gross margin was no profit sharing expense due to lower earnings.

Selling, general and administrative expenses (SG&A) totaled $6,887,000 for the nine months ended September 30, 2009, decreasing from $8,994,000 for the nine months ended September 30, 2008. The primary reasons for the decrease were no profit sharing expense, for the nine months ended September 30, 2009, along with lower labor and benefit costs and lower professional fees as a result of the Company s ongoing cost reduction actions. Partially offsetting these reductions was approximately $218,000 of transition and start-up costs incurred in 2009 associated with the Company s new production facility in Mexico.

Net interest expense totaled $657,000 for the nine months ended September 30, 2009, as compared to net interest expense of $541,000 for the nine months ended September 30, 2008. Included in net interest expense for the nine months ended September 30, 2009 is income of $134,000 from ineffectiveness related to the Company s interest rate swaps as compared to $55,000 of interest expense recorded for the same period ending September 30, 2008. Net interest expense was also impacted by additional borrowings related to the Company s new facility in Mexico. The Company capitalized interest of approximately $167,000 in 2009 related to this facility in Mexico which was placed into service in June 2009.

Income tax benefit for the nine months ended September 30, 2009, is estimated to be approximately 30% of total earnings before taxes. In the nine months ended September 30, 2008 income taxes were estimated to be 34% of total earnings before taxes. The change in the effective tax rate is primarily due to certain expenses being non-deductible in the Company s Mexican subsidiary.

The Company recorded a net loss for the nine months ended September 30, 2009 of $700,000 or $0.10 per basic and diluted share, compared with net income of $4,268,000, or $0.63 per basic and $0.61 per diluted share, for the nine months ended September 30, 2008.

Liquidity and Capital Resources

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

As widely reported, financial markets in the United States, Europe and Asia continue to experience disruption including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Governments have taken unprecedented actions intended to address extreme market conditions that include severely restricted credit and declines in real estate values. While currently these conditions have not precluded the Company s ability to access credit markets and finance operations, there can be no assurance that there will not be a further deterioration in financial markets and confidence in major economies, which may impact the Company s ability to borrow in the future.

Cash provided by operating activities for the nine months ended September 30, 2009 totaled $3,735,000. Net operating losses of $700,000 negatively impacted operating cash flows. Non-cash deductions of depreciation and amortization contributed $2,858,000 to operating cash flow. In addition, the increase in the postretirement healthcare benefits liability of $744,000 is not a current cash obligation, and this item will not be a cash obligation until additional employees retire and begin to utilize these benefits. Changes in working capital increased cash provided by operating activities by $738,000. Changes in working capital primarily relate to a decrease in inventory levels as well as lower accounts receivable due to decreased product sales and better collection efforts for the nine months ended September 30, 2009. These were offset by lower accounts payable and accrued balances as of September 30, 2009 as compared to December 31, 2008 which was also due to lower volumes.

Cash used in investing activities for the nine months ended September 30, 2009 was $9,759,000, primarily representing purchases related to the construction of the Company s new production facility in Mexico. The Company currently plans an additional $400,000 of capital expenditures for the remainder of the 2009. These capital additions will be funded by cash from operations and borrowings from the Company s available line of credit. The Company may also undertake other capital improvement projects in the future as deemed necessary and appropriate.

Financing activities contributed cash of $6,865,000. This increase is related to borrowings on the Company s construction loans of $10,279,000. This amount is partially offset by net repayments on the line of credit of $1,194,000, and other loan payments of $1,996,000.

At September 30, 2009, the Company had cash on hand of $841,000 and an available line of credit of $8,000,000, with a scheduled maturity of April 30, 2011. At September 30, 2009, Core Molding Technologies had no outstanding borrowings on this line of credit.

The Company is required to meet certain financial covenants included in the Credit Agreement with respect to leverage ratios, fixed charge ratios, capital expenditures as well as other customary affirmative and negative covenants. As of September 30, 2009, the Company was in compliance with its financial debt covenants associated with the loans made under the Credit Agreement as described above, as well as financial covenants contained in certain equipment leases.

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

On June 30, 2009, the Company entered into the Second Amendment to the Credit Agreement, dated as of December 9, 2008, with KeyBank. Pursuant to the terms of the Second Amendment, the parties agreed to modify certain terms of the Credit Agreement. These modifications included (1) an increase in the applicable margin for interest rates applicable to LIBOR loans to 450 basis points, effective June 30, 2009, for both construction loans and the revolving line of credit; with all rates other than rates applicable to the term loan decreasing by 25 basis points upon reaching a leverage ratio of less than 2.25 to 1.00, (2) a decrease in the applicable margin for the interest rate applicable to the term loan to 200 basis points in excess of the LIBOR or the Base Rate, (3) a change in the definition of consolidated EBITDA to add back non-cash post-retirement expenses minus retirement benefits paid in cash, (4) the deletion of the 150 basis point interest rate floor from the LIBOR rates applicable to the $8,000,000 and $12,000,000 construction loans and the revolving line of credit, and (5) the extension of the commitment for the revolving line of credit to April 30, 2011.

Based on the Company s forecasts, which are primarily based on industry analysts estimates of 2009 and 2010 heavy and medium-duty truck production volumes as well as other assumptions management believes to be reasonable, management believes that the Company will be able to maintain compliance with the covenants as amended under the First Amendment and the Second Amendment to the Credit Agreement for the next 12 months. Management believes that cash flows 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.

Recent Accounting Pronouncements

In June 2009, FASB issued a standard regarding the FASB Accounting Standards Codification™ (the Codification), and the hierarchy of generally accepted accounting principles, which replaces the standard previously issued by the FASB regarding the hierarchy of generally accepted accounting principles (GAAP) in the United States. This standard identifies the source of accounting principles and the framework for selecting the principles used in the preparation of

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

In December 2008, the FASB issued a standard to amend guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan. This standard is effective for fiscal years ending after December 15, 2009 with earlier adoption permitted. The Company is currently reviewing the additional disclosure requirements to determine the impact on the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

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

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

In May 2009, the FASB issued a standard for the disclosure of subsequent events. This standard does not require significant changes regarding recognition or disclosure of subsequent events, but does require disclosure of the date through which subsequent events have been evaluated for purposes of disclosure and accounting recognition. The standard was effective for financial statements issued after June 15, 2009. The adoption of this standard on April 1, 2009 did not have a material impact on the Consolidated Financial Statements. Management has performed an evaluation of subsequent events through November 13, 2009, which is the date the financial statements were issued.

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

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 recorded an allowance for doubtful accounts of $109,000 at September 30, 2009 and at December 31, 2008. Management also records estimates for customer returns and deductions, discounts offered to customers, and for price adjustments. Should customer returns and deductions, discounts, and price adjustments fluctuate from the estimated amounts, additional allowances may be required. The Company has reduced accounts receivable for customer returns and deductions, discounts offered to customers and for price adjustments by $820,000 at September 30, 2009 and $740,000 at December 31, 2008.

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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.

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. If there is a sustained downturn in the economy or the disruption of the financial and credit markets continues, demand for our products could fall below our current expectations and our forecasts of revenues and operating results could decline. Impairment charges of our goodwill or long-lived assets may be required in the future if our expected future cash flows decline. The Company has not recorded any impairment to goodwill or long-lived assets for the nine months ended September 30, 2009 or the year ended December 31, 2008.

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 its 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 worker s compensation claims incurred but not reported at September 30, 2009 and December 31, 2008 of $995,000 and $1,109,000, respectively.

Postretirement benefits: Management records an accrual for postretirement health care costs for benefits provided for certain employees under a plan sponsored by the Company. 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 the Company s operations. The effect of a change in healthcare costs is described in Note 10 of the Consolidated Notes to Financial Statements, which are contained in the 2008 Annual Report to Shareholders. The Company recorded a liability for postretirement healthcare benefits based on actuarially computed estimates of $16,622,000 at September 30, 2009 and $15,878,000 at December 31, 2008.

Revenue Recognition: Revenue from product sales is recognized at the time products are shipped and title transfers. Allowances for returned products 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 September 30, 2009 the Company has recorded a net liability related to tooling in progress of $978,000, which represents approximately $3,019,000 of progress tooling billings and $2,041,000 of progress tooling expenses. At December 31, 2008 the Company had recorded a net liability related to tooling in progress of $212,000, which represents approximately $3,555,000 of progress tooling billings and $3,343,000 of progress tooling expenses.

Income taxes: The Consolidated Balance Sheet at September 30, 2009 and December 31, 2008, includes a deferred tax asset of $7,167,000 and $7,188,000, respectively. 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. For more information, refer to Note 9 in Core Molding Technologies 2008 Annual Report to Shareholders.

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Part I Financial Information
Item 4T

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 was 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 disclosure, 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 Commissions rules and forms.

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.

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Part II Other Information

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

There have been no material changes in Core Molding Technologies risk factors from those previously disclosed in Core Molding Technologies 2008 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

See Index to Exhibits

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SIGNATURES

Pursuant to the requirements 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.
Date: November 13, 2009	By: /s/ Kevin L. Barnett Kevin L. Barnett President, Chief Executive Officer, and Director
Date: November 13, 2009	By: /s/ Herman F. Dick, Jr. Herman F. Dick, Jr. Vice President, Secretary, Treasurer and Chief Financial Officer

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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 Mortgage Investment Corporation[1]	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[1]	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 Technologies, Inc. and RYMAC Mortgage Investment Corporation	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 Technologies, Inc. and RYMAC Mortgage Investment Corporation	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)
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

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Exhibit No.	Description	Location
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 Materials Corporation 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 From 8-k filed July 19, 2007
10(a)	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(b)	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
11	Computation of Net Income per Share	Exhibit 11 omitted because the required information is Included in Notes to Financial Statements
31(a)	Section 302 Certification by Kevin L. Barnett, President, Chief Executive Officer, and Director	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 November 13, 2009, pursuant to 18 U.S.C. Section 1350	Filed Herein

32(b)	Certification of Herman F. Dick, Jr., Chief Financial Officer of Core Molding Technologies, Inc., dated November 13, 2009, pursuant to 18 U.S.C. Section 1350	Filed Herein

[1] The Asset Purchase Agreement, as filed with the Securities and Exchange Commission 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 Securities and Exchange Commission upon request.