

PARK OHIO HOLDINGS CORP

Form DEF 14A

April 11, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**SCHEDULE 14A  
(RULE 14a-101)  
SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

**PARK-OHIO HOLDINGS CORP.**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**PARK-OHIO HOLDINGS CORP.  
6065 Parkland Boulevard  
Cleveland, Ohio 44124**

**Notice of 2008 Annual Meeting of Shareholders**

The 2008 annual meeting of shareholders of Park-Ohio Holdings Corp., an Ohio corporation, will be held at The Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio 44122, on Tuesday, May 20, 2008, at 10 A.M., Cleveland Time. The purposes of the meeting are:

1. To elect three directors to serve until the 2011 annual meeting of shareholders; and
2. To act on other matters that are properly brought before the Annual Meeting or any adjournments, postponements or continuations thereof.

The Board of Directors set March 31, 2008 as the record date for the Annual Meeting. This means that owners of Common Stock at the close of business on that date are entitled to (1) receive notice of the Annual Meeting and (2) vote at the Annual Meeting and any adjournments, postponements or continuations of the Annual Meeting.

You are invited to attend the Annual Meeting and urged to mark, sign and return the proxy card in the enclosed envelope, regardless of whether you expect to attend the Annual Meeting. No postage is required if mailed in the United States. Your proxy will not be used if you attend the Annual Meeting and vote in person. If you attend the Annual Meeting, you may be asked to present a valid picture identification.

By Order of the Board of Directors

Robert D. Vilsack  
*Secretary*

April 14, 2008

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**PARK-OHIO HOLDINGS CORP.  
6065 Parkland Boulevard  
Cleveland, Ohio 44124**

**Proxy Statement for  
Annual Meeting of Shareholders  
To Be Held On May 20, 2008**

**GENERAL INFORMATION**

The Board of Directors of Park-Ohio Holdings Corp. is furnishing this proxy statement in order to solicit proxies on its behalf to be voted at our 2008 annual meeting of shareholders. The Annual Meeting will be held at The Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio 44122 on Tuesday, May 20, 2008, at 10 A.M., Cleveland Time, and any and all adjournments, postponements or continuations thereof.

Proxy materials are first being mailed to shareholders on or about April 14, 2008. A shareholder giving a proxy may revoke it, without affecting any vote previously taken, by a later appointment received by us prior to the Annual Meeting or by giving notice to us in writing or in open meeting. Attendance at the Annual Meeting will not in itself revoke a proxy. Shares represented by properly executed proxies will be voted at the Annual Meeting. If a shareholder has specified how the proxy is to be voted with respect to a matter listed on the proxy, it will be voted in accordance with such specifications. If no specification is made, the executed proxy will be voted **FOR** the election of the nominees for directors.

The record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting is March 31, 2008. As of March 31, 2008, there were issued and outstanding 11,363,736 shares of our Common Stock, par value \$1.00 per share. Each share is entitled to one vote on each matter presented at the Annual Meeting. Our Articles of Incorporation do not provide for cumulative voting in the election of directors. The affirmative vote of a plurality of the shares of Common Stock represented at the Annual Meeting is required to elect Edward F. Crawford, Kevin R. Greene and Dan T. Moore III as directors to serve until the 2011 annual meeting of shareholders.

We are not aware of any matters other than those described in this proxy statement which will be presented to the Annual Meeting for action on the part of the shareholders. If any other matters are properly brought before the meeting, of which we did not have notice of on or prior to March 5, 2008, or that applicable law otherwise permits proxies to vote on a discretionary basis, it is the intention of the persons named in the accompanying proxy to vote the shares to which the proxy relates thereon in accordance with their best judgment. Abstentions and broker non-votes will be counted as present at the meeting for purposes of determining a quorum, but will not be counted as voting, except as otherwise required by law and indicated herein.

The cost of soliciting proxies, including the charges and expenses incurred by brokerage firms and other persons for the forwarding of proxy materials to the beneficial owners of such shares, will be borne by us. Proxies may be solicited by our officers and employees by letter, by telephone or in person. Such individuals will not be additionally compensated but may be reimbursed by us for reasonable out-of-pocket expenses incurred in connection therewith. In addition, we have retained Morrow & Co., Inc., a professional proxy soliciting firm, to assist in the solicitation of proxies and will pay such firm a fee, estimated to be approximately \$4,000, plus reimbursement of out-of-pocket expenses.

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

**General**

The authorized number of directors is presently fixed at nine, divided into three classes of three members. The directors of each class are elected for three-year terms so that the term of office of one class of directors expires at each annual meeting. Proxies may only be voted for the nominees identified in the section entitled Nominees for Election.

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The class of directors to be elected in 2008, who will hold their positions for a term of three years and until the election of their successors, has been fixed at three. Unless otherwise directed, the persons named in the accompanying proxy will vote the proxies received by them (unless authority to vote is withheld) in favor of electing to that class: Edward F. Crawford, Kevin R. Greene and Dan T. Moore III, all of whom have been previously elected as directors by shareholders. If any nominee is not available at the time of election, the proxy holders may vote in their discretion for a substitute or such vacancy may be filled later by the Board. We have no reason to believe any nominee will be unavailable.

The Board of Directors continues to conduct searches for suitable candidates for directors to fill the vacancies created by the retirement of Lewis E. Hatch and Lawrence O. Selhorst, who were members in the class of directors whose term expires at the Annual Meeting. In the interim, Kevin R. Greene, who had been a member of the class of directors whose term expires at the Company’s 2009 annual meeting of shareholders and Dan T. Moore III, who had been a member of the class of directors whose term expires at the company’s 2010 annual meeting of shareholders, were elected by the Board of Directors as members of the class of the Board of Directors whose term expires at the Annual Meeting.

**Vote Required and Recommendation of The Board of Directors**

The affirmative vote of a plurality of the shares of Common Stock represented at the Annual Meeting is required to elect Edward F. Crawford, Kevin R. Greene and Dan T. Moore III as directors to serve until the 2011 annual meeting of shareholders.

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EDWARD F. CRAWFORD, KEVIN R. GREENE AND DAN T. MOORE III.**

**Biographical Information**

Information is set forth below regarding the nominees for election and the directors who will continue in office as directors after the Annual Meeting, including their ages, principal occupations during at least the past five years and other directorships presently held. Also set forth is the date each was first elected as a director.

**Nominees for Election**

| <b>Name</b>            | <b>Age</b> | <b>Principal Occupation<br/>and Other Directorships</b>   |
|------------------------|------------|---|
| Edward F. Crawford (a) | 68         | Director, Chairman and Chief Executive Officer since 1992 and President from 1997 to 2003; Chairman, Crawford Group, Inc. (a management company for a group of manufacturing companies) since 1964; Director of Continental Global Group, Inc. Mr. M. Crawford is the son of Mr. E. Crawford.   |
| Kevin R. Greene (b,d)  | 49         | Director since 1998; Chairman and Chief Executive Officer of KR Group LLC (international investment banking, money management and consulting firm) since 1992; Managing Partner of Cru Capital Management LLC (money management company) since 2005; Managing Partner of James Alpha Management LLC (money management company) since 2005; Chairman and Chief Executive |



Officer of Capital Resource Holdings L.L.C. (pension consultant) from 1999 through 2004; formerly a management consultant with McKinsey & Company (consulting firm).

|                        |    |   |
|------------------------|----|---|
| Dan T. Moore III (c,d) | 68 | Director since 2003; Chief Executive Officer of Dan T. Moore Co. and related companies (Soundwich, Flow Polymers, Impact Ceramics LLC and Team Wendy) (research and development of advanced materials) since 1969. Director of Invacare Corporation and Hawk Corporation. |
|------------------------|----|---|

**Table of Contents****Directors Continuing in Office with Term Expiring in 2009**

| <b>Name</b>         | <b>Age</b> | <b>Principal Occupation and Other Directorships</b>  |
|---------------------|------------|--|
| Matthew V. Crawford | 38         | Director since 1997; President and Chief Operating Officer of the Company since 2003; Senior Vice President from 2001 to 2003; Assistant Secretary and Corporate Counsel from February 1995 to 2001; President of Crawford Group, Inc. (a management company for a group of manufacturing companies) since 1995. Mr. E. Crawford is the father of Mr. M. Crawford.   |
| Ronna Romney (c,d)  | 64         | Director since 2001; former political and news commentator for radio and television; author; U.S. Senate Candidate for Michigan 1996; former Chairwoman of the President's Commission for White House Fellowships; former Chairwoman of the President's Commission for White House Scholars; former Commissioner on the President's National Advisory Council on Adult Education; Lead Director and Chairwoman of the Corporate Governance and Nominating Committee of Molina Healthcare, Inc. |

**Directors Continuing in Office with Term Expiring in 2010**

| <b>Name</b>                | <b>Age</b> | <b>Principal Occupation and Other Directorships</b>   |
|----------------------------|------------|---|
| Patrick V. Auletta (a,b,d) | 57         | Director since 2004; President Emeritus of KeyBank National Association (financial services company) since 2005; President of KeyBank National Association from 2001 to 2004; over 35 years of banking experience at KeyBank. Trustee of Cleveland Clinic Foundation.   |
| James W. Wert (a,b,c,d)    | 61         | Director since 1992 and Vice Chairman since 2002; Chief Executive Officer and President since 2003 and Vice President from 2000 to 2002, Clanco Management Corporation (registered investment advisor); formerly Senior Executive Vice President and Chief Investment Officer of KeyCorp (financial services company) from 1995 to 1996 and Chief Financial Officer, of KeyCorp and predecessor companies from 1990 to 1995. Director of Continental Global Group, Inc., Marlin Business Services Corp. and Clanco Management Corp. |

a Member, Executive Committee

b Member, Audit Committee

c Member, Compensation Committee

d Member, Nominating and Corporate Governance Committee



**Table of Contents****PRINCIPAL SHAREHOLDERS**

The following table sets forth certain information with respect to beneficial ownership of our Common Stock by: (i) each person (or group of affiliated persons) known to us to be the beneficial owner of more than five percent of our outstanding Common Stock; (ii) each director or director nominee; (iii) each executive officer named in the Summary Compensation Table on Page 13 of this proxy statement individually; and (iv) all directors and executive officers as a group. Unless otherwise indicated, the information is as of February 29, 2008, and the nature of beneficial ownership consists of sole voting and investment power.

| Name of Beneficial Owner                                    | Shares of<br>Common Stock<br>Currently<br>Owned | Shares<br>Acquirable<br>Within 60<br>Days(1) | Percent<br>of Class |
|---|---|--|---------------------|
| Patrick V. Auletta  | 11,500  |  | *                   |
| Edward F. Crawford  | 2,021,301(a)(b)                                 | 316,670                                      | 19.9                |
| Matthew V. Crawford   | 1,117,161(b)(c)                                 | 291,670                                      | 12.0                |
| Richard P. Elliott  | 12,500  | 11,667                                       | *                   |
| Patrick W. Fogarty  | 11,979(d)                                       | 6,667  | *                   |
| Kevin R. Greene   | 6,500   | 2,000  | *                   |
| Dan T. Moore III  | 10,500  | 9,500  | *                   |
| Ronna Romney  | 13,700  |  | *                   |
| Robert D. Vilsack   |   | 26,667                                       | *                   |
| James W. Wert   | 85,500  | 44,500                                       | 1.1                 |
| Dimensional Fund Advisors LP                                | 783,857(e)                                      |  | 6.9                 |
| FMR LLC   | 650,688(f)                                      |  | 5.7                 |
| GAMCO Investors, Inc.                                       | 1,096,888(g)                                    |  | 9.6                 |
| Paulette R. Baum Revocable Living Trust u/a/d<br>7/21/98    | 713,000(h)                                      |  | 6.3                 |
| Private Management Group, Inc.                              | 610,033(i)                                      |  | 5.3                 |
| Directors and executive officers as a group<br>(10 persons) | 3,193,540                                       | 709,341                                      | 32.2                |

\* Less than one percent.

(1) Reflects the number of shares that could be purchased by exercise of options vested at February 29, 2008 or within 60 days thereafter.

(a) The total includes 1,861,738 shares over which Mr. E. Crawford has sole voting and investment power, 22,500 shares owned by L. Accent de Provence of which Mr. E. Crawford is President and owner of 25% of its capital stock and over which Mr. E. Crawford shares voting and investment power, 17,000 shares owned by EFC Properties, Inc. of which Mr. E. Crawford is the President and has sole voting and investment power, and 9,500 shares owned by Mr. E. Crawford's wife as to which Mr. E. Crawford disclaims beneficial ownership. The total includes 13,462 shares held under the Individual Account Retirement Plan of Park-Ohio Industries, Inc. and Its Subsidiaries as of December 31, 2007. The address of Mr. E. Crawford is the business address of the

company.

- (b) Includes an aggregate of 1,117,161 shares over which Messrs. E. Crawford and M. Crawford have shared voting power and investment power, consisting of: 44,000 shares held by a charitable foundation; 11,700 shares owned by Crawford Container Company; and 41,401 shares owned by First Francis Company, Inc. These 97,101 shares are included in the beneficial ownership amounts reported for both Mr. E. Crawford and Mr. M. Crawford.
- (c) Total includes 1,020,060 shares over which Mr. M. Crawford has sole voting and investment power. The address of Mr. M. Crawford is the business address of the company.
- (d) Total includes 939 shares held under the Individual Account Retirement Plan of Park-Ohio Industries, Inc. and Its Subsidiaries as of December 31, 2007.
- (e) Based on information set forth on Schedule 13G as filed with the Securities and Exchange Commission ( SEC ) on February 6, 2008, Dimensional Fund Advisors LP ( Dimensional ), a registered investment adviser, furnishes investment advice to four investment companies and serves as investment manager to certain other investment vehicles, including

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commingled group trusts ( Funds ). Dimensional reported beneficial ownership of 783,857 shares as of December 31, 2007, all of which shares were held by the Funds. Dimensional reported sole voting and investment power with respect to all of such shares, but disclaimed beneficial ownership of all such shares. Dimensional is located at 1299 Ocean Avenue, Santa Monica, California 90401.

- (f) Based on information set forth on Amendment No. 2 to Schedule 13G as filed with the SEC on February 14, 2008, FMR LLC, a parent holding company, as of December 31, 2007, through its subsidiaries, is the beneficial owner of 650,688 shares, with the sole power to dispose of or direct the disposition of the 650,688 shares owned by the Fidelity funds. Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds. These powers reside with the Boards of Trustees for the funds. FMR LLC and its subsidiaries are located at 82 Devonshire Street, Boston, Massachusetts 02109.
- (g) Based on information set forth on Amendment No. 18 to Schedule 13D as filed with the SEC on June 7, 2007. Includes 773,888 shares held by GAMCO Asset Management Inc., 321,000 shares held by Gabelli Funds, LLC, and 2,000 shares held by MJG Associates Inc., as of June 5, 2007. GGCP, Inc. is the ultimate parent holding company for the above listed companies, and Mr. Mario J. Gabelli is the majority shareholder of GGCP, Inc. Each of the foregoing has the sole power to vote or direct the vote and sole power to dispose or direct the disposition of the reported shares, except that GAMCO Asset Management Inc. does not have the authority to vote 10,000 of the reported shares. The foregoing companies provide securities and investment related services and have their principal business office at One Corporate Center, Rye, New York 10580.
- (h) Based on information set forth on Amendment No. 2 to Schedule 13G as filed with the SEC on January 7, 2008, Paulette R. Baum Revocable Living Trust u/a/d 7/21/98 is classified as an individual filer that, as of December 31, 2007, through John B. Baum, Trustee, has the sole power to vote or direct the vote and sole power to dispose or direct the disposition of 713,000 shares. Paulette R. Baum Revocable Living Trust u/a/d 7/21/98 is located at 30201 Orchard Lake Road, Suite 107, Farmington Hills, Michigan 48334.
- (i) Based on information set forth on Amendment No. 3 to Schedule 13G as filed with the SEC on January 24, 2008, Private Management Group, Inc. is an investment adviser that, as of December 31, 2007, has the sole power to vote or direct the vote and sole power to dispose or direct the disposition of 610,333 shares. Private Management Group, Inc. is located at 20 Corporate Park, Suite 400, Irvine, California 92606.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act requires our officers and directors, and persons who beneficially own more than ten percent of our Common Stock, to file reports of ownership and changes in ownership of such securities with the SEC. Officers, directors and greater than ten percent beneficial owners are required by applicable regulations to furnish us with copies of all Section 16(a) forms they file.

Based upon our review of the copies of Section 16(a) forms received by us, and upon written representations from reporting persons concerning the necessity of filing a Form 5, we believe that, during 2007, all filing requirements applicable for reporting persons were met, with the exception of Patrick W. Fogarty and Robert D. Vilsack, who each filed a Form 4 on April 25, 2007 reporting the sale of 364 and 317 shares, respectively, for the payment on April 6, 2007 of a tax liability associated with the vesting of restricted shares pursuant to the 1998 Plan; Ronna Romney, who filed a Form 4 on February 20, 2008 and December 17, 2007 reporting the sale of 2,000 shares on August 13, 2007 and 2,000 shares on December 10, 2007, respectively; and James W. Wert, who filed a Form 4 on May 18, 2007 reporting the sale of 418 shares on May 15, 2007.



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**CERTAIN MATTERS PERTAINING TO THE BOARD OF DIRECTORS AND  
CORPORATE GOVERNANCE**

**Corporate Governance**

The Board believes that there should be a substantial majority of independent directors on the Board. The Board also believes that it is useful and appropriate to have members of management, including the Chief Executive Officer, or CEO, and President, as directors. The current Board members include five independent directors (including two of the nominees).

*Director Independence.* Each of Messrs. Auletta, Greene, Moore and Wert and Ms. Romney is independent in accordance with the rules of the Nasdaq Stock Market. The Nasdaq Stock Market independence definition includes a series of objective tests, such as that the director is not our employee and has not engaged in various types of business dealings with us. In addition, as further required by the Nasdaq Stock Market rules, the Board has made a subjective determination as to each independent director that no relationships exist that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to the Company and management.

In addition, as required by the Nasdaq Stock Market rules, the members of the Audit Committee are each independent under special standards established by the SEC for members of audit committees. The Audit Committee also includes at least one independent member whom the Board has determined meets the qualifications of an audit committee financial expert in accordance with SEC rules. Patrick V. Auletta is the independent director who has been determined to be an audit committee financial expert. Shareholders should understand that this designation is a disclosure requirement of the SEC related to Mr. Auletta's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon Mr. Auletta any duties, obligations or liability that are greater than are generally imposed on him as a member of the Audit Committee and the Board, and his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board.

*Code of Business Conduct and Ethics.* All directors, officers and employees must act ethically at all times and in accordance with the policies comprising our Code of Business Conduct and Ethics. A copy of the code is available, without charge, upon written request to: Secretary, Park-Ohio Holdings Corp., 6065 Parkland Boulevard, Cleveland, Ohio 44124. A copy of our Code is also available on our website at [www.pkoh.com](http://www.pkoh.com). We intend to disclose any amendment to, or waiver from, the Code of Business Conduct and Ethics by posting such amendment or waiver, as applicable, on our website.

**Board of Directors and Committees**

*Board Committees and Charters.* The Board currently has, and appoints the members of, Audit, Compensation, Nominating and Corporate Governance and Executive Committees. Each member of the Audit, Compensation and Nominating and Corporate Governance Committees is an independent director in accordance with the rules of the Nasdaq Stock Market. The Audit Committee has a written charter approved by the Board.

*Audit Committee.* The Audit Committee consists of Messrs. Auletta, Greene and Wert, with Mr. Auletta as its chairman. The Audit Committee assists the Board in its general oversight of our financial reporting, internal controls and audit functions, and is directly responsible for the appointment, retention, compensation and oversight of the work of our independent auditors. In 2007, the Audit Committee held seven meetings. The responsibilities and activities of



the Audit Committee are described in greater detail in Audit Committee Report and the Audit Committee Charter. The Audit Committee Charter is available on our website at [www.pkoh.com](http://www.pkoh.com).

*Compensation Committee.* The Compensation Committee consists of Messrs. Wert and Moore and Ms. Romney, with Ms. Romney as its chairwoman. The Compensation Committee reviews and approves salaries, performance-based incentives and other matters relating to executive compensation, including reviewing and granting equity awards to executive officers. As described in greater detail below under Compensation Discussion and

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Analysis, the Compensation Committee determines the compensation of our executive officers, including our CEO, and directors. With respect to executive officers other than the CEO, the Compensation Committee takes into account the recommendations of the CEO when determining the various elements of their compensation, including the amount and form of such compensation. The Compensation Committee has the sole authority to retain and terminate compensation consultants to assist in the evaluation of executive compensation and the sole authority to approve the fees and other retention terms of any such consultants. During 2007, the Compensation Committee again retained Watson Wyatt to assist in the evaluation of our executive compensation program, which evaluation included providing information to the Compensation Committee on trends in executive compensation and other market and peer group data.

The Compensation Committee also reviews and approves various other compensation policies and matters. The Compensation Committee held three meetings in 2007 and also acted by written consent. The Compensation Committee has not yet adopted a written charter.

*Executive Committee.* The Executive Committee consists of Messrs. Auletta, E. Crawford and Wert, with Mr. Wert as its chairman. The Executive Committee may exercise the authority of the Board between Board meetings, except to the extent that the Board has delegated authority to another committee or to other persons and except as limited by Ohio law and our Regulations. The Executive Committee held no meetings in 2007.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee consists of Messrs. Auletta, Greene, Moore, and Wert and Ms. Romney, with Mr. Wert as its chairman, and consists of all of our independent directors, in accordance with the rules of the Nasdaq Stock Market. The Nominating and Corporate Governance Committee makes recommendations to the Board regarding the size and composition of the Board. The Nominating and Corporate Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current size and make-up of the Board. This assessment includes issues of diversity in numerous factors such as: age; understanding of and achievements in manufacturing, technology, finance and marketing; and international experience and culture. These factors, and any other qualifications considered useful by the Nominating and Corporate Governance Committee, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time. As a result, the priorities and emphasis of the Nominating and Corporate Governance Committee and of the Board may change from time to time to take into account changes in business and other trends and the portfolio of skills and experience of current and prospective Board members. Therefore, while focused on the achievement and the ability of potential candidates to make a positive contribution with respect to such factors, the Nominating and Corporate Governance Committee has not established any specific minimum criteria or qualifications that a nominee must possess. The Nominating and Corporate Governance Committee establishes procedures for the nomination process, recommends candidates for election to the Board and also nominates officers for election by the Board. The Nominating and Corporate Governance Committee has not yet adopted a written charter but has a resolution regarding the nomination process.

Consideration of new Board nominee candidates typically involves a series of internal discussions, review of information concerning candidates and interviews with selected candidates. In general, candidates for nomination to the Board are suggested by Board members or by employees. The Nominating and Corporate Governance Committee will consider candidates proposed by shareholders. The Nominating and Corporate Governance Committee evaluates candidates proposed by shareholders using the same criteria as for other candidates. Any shareholder nominations proposed for consideration by the Nominating and Corporate Governance Committee should include (1) complete information as to the identity and qualifications of the proposed nominee, including name, address, present and prior business and/or professional affiliations, education and experience and particular fields of expertise, (2) an indication of the nominee's consent to serve as a director if elected, and (3) the reasons why, in the opinion of the recommending shareholder, the proposed nominee is qualified and suited to be a director, and should be addressed to our Secretary at

6065 Parkland Boulevard, Cleveland, Ohio 44124.

The Nominating and Corporate Governance Committee reviews and reports to the Board on a periodic basis with regard to matters of corporate governance. The Nominating and Corporate Governance Committee also reviews and assesses the effectiveness of the Board's Code of Business Conduct and Ethics and recommends to the Board proposed revisions to the Code. In addition, the Nominating and Corporate Governance Committee reviews

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shareholder proposals and makes recommendations to the Board for action on such proposals. Pursuant to the rules of the Nasdaq Stock Market, all of the members of the Nominating and Corporate Governance Committee met once without the presence of management directors in 2007.

*Attendance at Board, Committee and Annual Shareholders Meetings.* The Board held four meetings in 2007. All directors are expected to attend each meeting of the Board and the committees on which he or she serves. In 2007, no director attended less than 75% of the meetings of the Board and the committees on which he or she served. Directors are expected to attend the Annual Meeting, and six directors attended the 2007 annual meeting of shareholders.

## **Shareholder Communications**

The Board believes that it is important for shareholders to have a process to send communications to the Board. Accordingly, shareholders who wish to communicate with the Board of Directors or a particular director may do so by sending a letter to our Secretary at 6065 Parkland Boulevard, Cleveland, Ohio 44124. The mailing envelope must contain a clear notation indicating that the enclosed letter is a Shareholder-Board Communication or

Shareholder-Director Communication. All such letters must identify the author as a shareholder and clearly state whether the intended recipients are all members of the Board or certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

## **Company Affiliations with the Board of Directors and Nominees**

The following affiliation exists between us and nominees or directors:

Mr. Auletta served as President of KeyBank National Association from 2001 to 2004 and is currently President Emeritus of KeyBank. We have a secured \$270.0 million revolving credit facility with J.P. Morgan Chase Bank, N.A. (successor by merger to Bank One, N.A.), as lead arranger and lender. KeyBank is a participant in this credit facility in the amount of approximately \$40.0 million as syndication agent and lender. KeyBank received interest income and fee income from us during 2007. The credit facility was entered into in the ordinary course of business, was made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with unrelated parties and does not involve more than the normal risk of collectibility or present other unfavorable features.

In making the determination that Mr. Auletta is independent, the Board of Directors determined that the fact that Mr. Auletta serves as the President Emeritus of KeyBank does not create a material relationship or impair the independence of Mr. Auletta for the reasons set forth in the preceding paragraph and given Mr. Auletta's current role at KeyBank.

## **Compensation Committee Interlocks and Insider Participation**

Members of the Compensation Committee during 2007 were Messrs. Moore and Wert and Ms. Romney. No current or former officer or employee of ours served on the Compensation Committee during 2007.

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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Philosophy and Objectives**

Our compensation program is designed to recognize the level of responsibility of an executive within our company, taking into account the executive's role and expected leadership within our organization, and to encourage decisions and actions that have a positive impact on our overall performance.

Our compensation philosophy is based upon the following objectives:

- to reinforce key business strategies and objectives;
- to reward our executives for their outstanding performance and business results;
- to emphasize the enhancement of shareholder value;
- to value the executive's unique skills and competencies;
- to attract, retain and motivate qualified executives; and
- to provide a competitive compensation structure.

The Compensation Committee of the Board of Directors administers our compensation program. The Compensation Committee is responsible for reviewing and approving base salaries, bonuses and equity incentive awards for all executive officers. Typically our Chief Executive Officer, or CEO, makes compensation recommendations to the Compensation Committee with respect to decisions concerning executive officers other than himself. The Compensation Committee makes its decisions with respect to our CEO in executive session.

**Benchmarking**

In 2006, the Compensation Committee engaged the services of Watson Wyatt Worldwide, an executive compensation and benefits consulting firm, as consultants to help evaluate our executive compensation program and to help select appropriate market data for compensation and benchmarking. Some of the resources used for comparison were the WWDS Top Management Survey, Mercer Executive Compensation Survey, Watson Wyatt Proprietary Executive Survey and comparative executive compensation information from a peer group consisting of the following companies: AAR Corp., Applied Industrial Technologies Inc., Aviall Inc., Century Aluminum Co., Encore Wire Corp., Fairchild Corp., General Cable Corp., Kunan Corp., Lawson Products Inc., Lamson & Sessions Co., Mueller Industries Inc., Shiloh Industries Inc., Superior Essex Inc. and Wolverine Tube Inc. The peer group was established utilizing several factors including their respective industry, markets, revenue, market capitalization and profitability. We have in the past used, and continue to use, Watson Wyatt for actuarial related services in connection with our retirement plans.

In 2007, Watson Wyatt provided us market survey and peer group data on supplemental retirement plans for chief executive officers. The 2007 peer group used by Watson Wyatt was the same as the 2006 peer group described above, except that Aviall Inc. was not included because it was acquired subsequent to the 2006 review, and Fairchild Corp. was not included as it no longer fit the peer group profile. In 2008, the Compensation Committee considered Watson

Wyatt's 2007 market survey and peer group data in establishing a non-qualified defined contribution plan and a non-qualified defined benefit plan for our CEO.

The Compensation Committee considered Watson Wyatt's 2006 market survey and peer group data in determining the base salary, bonus and equity components of our executive officers for 2007. With respect to our CEO and our President and Chief Operating Officer, or COO, the Compensation Committee considered medians for total compensation from the market survey and peer group data for comparable positions. However, actual compensation can vary widely, either above or below these medians, based on company and individual performance, scope of responsibilities, competencies and experience. With respect to our other executive officers, the Compensation Committee used its judgment and discretion to address individual circumstances rather than to simply aim for a level of compensation that falls with a specific range for the market survey or peer group data, and

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as a result, the other executive officers' total compensation is at or below the median level for the market survey and peer group data for comparable positions.

### **Compensation Components**

For 2007, our compensation program had three primary components consisting of a base salary, an annual cash bonus, whether discretionary or pursuant to our Annual Cash Bonus Plan, which we refer to as the Bonus Plan, and equity awards granted pursuant to our Amended and Restated 1998 Long-Term Incentive Plan, which we refer to as the 1998 Plan. In addition, we also offer our executive officers basic retirement savings opportunities, participation in a deferred compensation plan, health and welfare benefits and perquisites that supplement the three primary components of compensation. For 2008, our compensation program will also include a non-qualified defined contribution plan and non-qualified defined benefit plan for our CEO.

We view these various components of compensation as related but distinct. Although our Compensation Committee does review total compensation, we do not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. The appropriate level for each compensation component is based in part, but not entirely, on our view of internal equity and consistency, and other considerations we deem relevant, such as rewarding extraordinary performance. Our Compensation Committee has not adopted any formal or informal policies or guidelines for allocating compensation between long-term and currently paid-out compensation, between cash and non-cash compensation or among different forms of non-cash compensation.

#### *Base Salary*

We pay base salaries to recognize each executive officer's unique value and skills, competencies and experience in light of the executive's position. Base salaries, including any annual or other adjustments, for our executive officers, other than our CEO, are determined after taking into account recommendations by our CEO. Base salaries for all executive officers are determined by the Compensation Committee after considering such factors as competitive industry salaries, a subjective assessment of the nature of the executive officer's position, the executive officer's unique value and historical contributions and the experience and length of the service of the executive officer. Adjustments to base salaries are generally considered during the first quarter of each year and, if made, are effective retroactively to the beginning of the year. For 2007, base salaries for our executive officers remained the same from 2006, other than for our Secretary and General Counsel, who received an increase of approximately 4% for 2007.

#### *Annual Bonus*

Annual bonuses are used to reward our executive officers for achieving key financial and operational objectives, to motivate certain desired individual behaviors and to reward superior individual achievements. Bonus awards for our executive officers, other than for our CEO, are determined by the Compensation Committee after taking into account recommendations by our CEO. The annual bonus awards, other than for our CEO, are fully discretionary and are based on subjective criteria in light of all relevant factors.

We have established the Bonus Plan, which was approved by our shareholders in 2006, for our CEO and any other executive officer selected by the Compensation Committee to participate in the Bonus Plan. The Bonus Plan includes a set of performance measures that can be used to establish the bonus award. Under the Bonus Plan, our CEO or any other selected executive officer is eligible to receive an annual cash bonus depending on the performance of our company against specific performance measures established by the Compensation Committee before the end of the first quarter of each year. For 2007, only our CEO participated in the Bonus Plan and the Compensation Committee selected consolidated income before income taxes as the performance measure for our CEO. For 2007, our CEO was

entitled to a bonus award equal to 4% of consolidated income before income taxes. Under the Bonus Plan, the Compensation Committee is authorized to exercise negative discretion and reduce our CEO's award, but did not do so for 2007.

The Compensation Committee has established that the performance measure for our CEO under the Bonus Plan for each of 2008, 2009 and 2010 will be 4% of our consolidated income before income taxes. The



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Compensation Committee believes income before income taxes is an appropriate measure of our core operating performance and directly links our CEO's annual bonus award to our profitability. For our other executive officers, the 2007 bonus awards were determined by the Compensation Committee, after considering recommendations from our CEO and after taking into account individual performance and our profitability. Information about bonuses paid to our executive officers is contained in the Summary Compensation Table.

*Equity Compensation*

We use the grant of equity awards under our 1998 Plan to provide long-term incentive compensation opportunities, which align the executives' interests with those of our shareholders, and to attract and retain executive officers.

Our Compensation Committee administers our 1998 Plan. Historically, the Compensation Committee has granted options and restricted shares under our 1998 Plan. Other than for grants of equity awards to our CEO, the Compensation Committee typically considers recommendations from our CEO when considering decisions regarding the grant of equity awards to executive officers. The Compensation Committee grants equity awards based on a number of criteria, including the relative rank of the executive officer and the executive's historical and ongoing contributions to our success based on subjective criteria. There is no set formula for the granting of equity awards to executive officers.

We do not have any program, plan or obligation that requires us to grant equity awards on specific dates. We have not made equity grants in connection with the release or withholding of material, non-public information. Options granted under our 1998 Plan have exercise prices equal to the closing market price of our Common Stock on the day of the grant.

In 2006, the Compensation Committee made awards of restricted shares to our CEO and our COO. For 2007, no equity awards were made to our CEO or our COO. Equity awards were granted in 2007 to our other executive officers and information about such awards is contained in the 2007 Grants of Plan-Based Awards table. Information about outstanding equity awards granted to our executive officers is contained in the Outstanding Equity Awards at December 31, 2007 table.

*Retirement Benefits*

Our Individual Account Retirement Plan, or 401(k) Plan, is a tax-qualified retirement savings plan that permits our employees, including our executive officers, to defer a portion of their annual salary to the 401(k) Plan on a before-tax basis. Our executive officers participate in the 401(k) Plan on the same basis as all other salaried employees whereby we annually contribute 2% of their salary into the 401(k) Plan on their behalf, subject to Internal Revenue Code limitations. Our executive officers vest in the company contributions ratably over six years of employment service, at which time they are 100% vested.

For 2008, the Compensation Committee established a non-qualified defined contribution plan and a non-qualified defined benefit plan for our CEO. These retirement benefits are intended to reward him for his past service to the company, to recognize, over the long term, future service to the company, and to provide a total compensation and benefit package that is at, or above, the median for total compensation for our peer group.

The defined contribution plan, or DC Plan, provides our CEO with an annual credit of \$375,000, or DC Benefit, during the seven-year period beginning on January 1, 2008 and ending on December 31, 2014. The DC Benefit is credited to an account on our books for our CEO, provided he has not had a termination of employment with the company, as defined in the DC Plan. Our CEO is at all times 100% vested in the DC Benefit. The amount credited under the DC Plan for our CEO will be paid upon his termination of employment.

The defined benefit plan, or DB Plan, provides our CEO with an annual retirement benefit, or DB Benefit, of up to \$375,000 upon his termination of employment with the company, as defined in the DB Plan. The annual DB Benefit that our CEO actually receives depends on his years of credited service with the company as of his termination of employment. If he has 20 or more years of credited service, he will receive the full \$375,000 annual DB Benefit. If our CEO has attained less than 20 years of credited service as of his termination of employment, he will receive an annual DB Benefit that is reduced proportionately. As of December 31, 2007, our CEO has 13 years of credited service with the company. If our CEO dies while employed by the company, his spouse is entitled to receive an amount equal to 50% of the amount our CEO would have been entitled to receive on the date of his death payable annually for the life of his spouse.

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### *Deferred Compensation*

The company maintains a non-qualified deferred compensation plan that allows certain employees, including our executive officers, to defer a percentage of their salary, to be paid at a time specified by the participant and consistent with the terms of the plan. For 2007, none of our executive officers participated in the non-qualified deferred compensation plan.

### *Termination-Related Payments*

All of our executive officers are employees-at-will and, as such, do not have employment agreements with us. Therefore, we are not obligated to provide any post-employment compensation or benefits. However, upon a change of control, as defined in the 1998 Plan, all unvested stock option grants become fully exercisable and all outstanding restricted share grants fully vest.

### *Other Benefits*

We also provide other benefits to our executive officers that we consider necessary in order to offer fully-competitive opportunities to attract and retain our executive officers. These benefits include life insurance, company cars or car allowances, executive physicals, and club dues. Executive officers are eligible to participate in all of our employee benefit plans, such as the 401(k) Plan and medical, dental, group life, disability and accidental death and dismemberment insurance, in each case on the same basis as other employees.

## **Accounting and Tax Treatment**

We account for equity compensation paid to our employees under the rules of Financial Accounting Standards Board Statement No. 123 (revised 2004), *Share-Based Payment*, or FAS 123R, which require us to estimate and record an expense over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued.

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which generally disallows a tax deduction to public corporations for compensation over \$1,000,000 paid for any fiscal year to a company's CEO and certain other executive officers as of the end of any fiscal year. However, the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met.

The Compensation Committee believes that it is generally in our best interest to attempt to structure performance-based compensation, including annual bonuses, to executive officers who may be subject to Section 162(m) in a manner that satisfies the statute's requirements. However, the Compensation Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet Section 162(m) standards when necessary to enable us to meet our overall objectives, even if we may not deduct all of the compensation. Accordingly, the Compensation Committee has expressly reserved the authority to award non-deductible compensation in appropriate circumstances.

We are not obligated to offset any income taxes due on any compensation or benefits, including, as discussed below, income or excise taxes due on any income from accelerated vesting of outstanding equity grants. To the extent any such amounts are considered excess parachute payments under Section 280G of the Internal Revenue Code and thus not deductible by us, the Compensation Committee is aware of that possibility and has decided to accept the cost of that lost deduction. However, the Compensation Committee has not thought it necessary for us to take on the additional cost of reimbursing executives for any taxes generated by the vesting accelerations.

## **COMPENSATION COMMITTEE REPORT**

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in our Annual Report on Form 10-K for the year ended December 31, 2007.

Ronna Romney, Chair  
Dan T. Moore III  
James W. Wert

**Table of Contents****INFORMATION REGARDING CURRENT YEAR S COMPENSATION/GRANTS**

The following table sets forth for fiscal 2007 and 2006, all compensation earned by the individuals who served as our CEO and Chief Financial Officer during fiscal 2007, and by our three highest paid employees serving as other executive officers as of the end of 2007, whom we refer to collectively as our named executive officers.

**Summary Compensation Table**

| Name and Principal Position<br>(a)   | Year<br>(b) | Salary<br>(\$)<br>(c) | Bonus<br>\$(1)<br>(d) | Stock<br>Awards<br>\$(2)<br>(e) | Option<br>Awards<br>\$(3)<br>(f) | Non-Equity<br>Plan Compensation<br>\$(4)<br>(g) | Change<br>in<br>Pension<br>Value<br>and<br>Nonqualified | All                          | Total<br>(\$)<br>(j) |
|--|-------------|-----------------------|-----------------------|---------------------------------|----------------------------------|---|---|------------------------------|----------------------|
|  |             |                       |                       |                                 |                                  |   | Deferred<br>Compensation<br>\$(5)<br>(h)                | Other<br>Compensation<br>(i) |                      |
| Edward F. Crawford<br>Chairman of the Board and<br>Chief Executive Officer | 2007        | 750,000               | 0                     | 812,583                         | 69,583                           | 1,246,920                                       | 0   | 81,446                       | 2,960,532            |
|  | 2006        | 750,000               | 0                     | 245,807                         | 69,584                           | 968,000   | 0   | 80,720                       | 2,114,111            |
| Edward P. Elliott<br>President and Chief<br>Financial Officer              | 2007        | 300,000               | 165,000               | 0                               | 41,725                           | 0   | 0   | 13,986                       | 520,711              |
|  | 2006        | 300,000               | 125,000               | 0                               | 13,916                           | 0   | 0   | 7,766                        | 446,682              |
| Matthew V. Crawford<br>President and Chief Operating<br>Officer            | 2007        | 350,000               | 250,000               | 417,900                         | 69,583                           | 0   | 0   | 30,123                       | 1,117,606            |
|  | 2006        | 350,000               | 195,000               | 126,415                         | 69,584                           | 0   | 0   | 35,429                       | 776,428              |
| Bert D. Vilsack<br>Secretary and General Counsel                           | 2007        | 240,000               | 160,000               | 2,504                           | 41,725                           | 0   | 0   | 17,268                       | 461,507              |
|  | 2006        | 230,000               | 138,000               | 9,468                           | 19,342                           | 0   | 0   | 16,437                       | 413,247              |
| Patrick W. Fogarty<br>Director of Corporate<br>Development                 | 2007        | 230,000               | 115,000               | 2,504                           | 41,725                           | 0   | 0   | 21,793                       | 411,022              |
|  | 2006        | 230,000               | 82,000                | 9,468                           | 13,916                           | 0   | 0   | 20,026                       | 355,410              |

- (1) Other than Mr. E. Crawford, bonus awards to the named executive officers were discretionary cash bonuses which were not paid pursuant to the Bonus Plan. Bonus awards were granted to Messrs. M. Crawford, Elliott, Fogarty and Vilsack based on the discretion of the Compensation Committee. The bonus awards were determined by the Compensation Committee based on recommendations from our CEO and after taking into account the individual performance of the executive officer and our profitability. These amounts are disclosed as bonuses in column (d) above.
- (2) The amounts in column (e) above represent the dollar amount recognized for financial statement reporting purposes with respect to the year indicated for awards of restricted shares granted in prior years, in accordance with FAS 123R. Assumptions used in the calculation of the amounts are included in Note I to our consolidated financial statements included in our Annual Report on Form 10-K for 2007. The restricted shares vest one-third

each year over the three years following the grant date, except that the 2006 grant to Mr. M. Crawford will vest one-fifth each year over five years.

- (3) The amounts in column (f) above represent the dollar amount recognized for financial statement reporting purposes with respect to the year indicated for awards of stock options granted in that year and in prior years, in accordance with FAS 123R. The stock options vest one-third each year over the three years following the grant date and expire after ten years, if not exercised before that time. Assumptions used in the calculation of the amounts are included in Note I to our consolidated financial statements included in our Annual Report on Form 10-K for 2007.
- (4) Mr. E. Crawford received a performance-based award under the Bonus Plan equal to 4% of our consolidated income before income taxes for 2007.
- (5) The amounts disclosed in column (i) above for 2007 include life insurance premiums for all of the named executive officers. For Mr. E. Crawford, this amount was \$52,737. Also included in these amounts are our contributions to the 401(k) Plan for all the named executive officers; car expenses for Messrs. E. Crawford and M. Crawford, car allowances for Messrs. Elliott, Fogarty and Vilsack; and club dues for Messrs. E. Crawford (\$19,498), M. Crawford (\$30,123), Fogarty and Vilsack.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth the option grants and Bonus Plan awards granted in 2007:

**2007 Grants of Plan-Based Awards**

| Name<br>(a)         | Grant<br>Date<br>(b) | Estimated Possible Payouts<br>Under Non-Equity      |                       |                        | All Other<br>Option<br>Awards:<br>Number<br>of Securities<br>Underlying<br>Options<br>(#)(2)<br>(f) | Exercise or<br>Base Price<br>of Option<br>Awards<br>(\$/Sh)<br>(g) | Grant<br>Date<br>Fair Value<br>of Stock<br>and<br>Option<br>Awards<br>\$(3)<br>(h) |
|---------------------|----------------------|---|-----------------------|------------------------|---|--|--|
|                     |                      | Incentive Plan Awards(1)<br>Threshold<br>(#)<br>(c) | Target<br>(\$)<br>(d) | Maximum<br>(\$)<br>(e) |   |  |  |
| Edward F. Crawford  |                      |   |                       |                        |   |  |  |
| Richard P. Elliott  | 4/12/2007            |   |                       |                        | 10,000  | 20.00  | 116,000  |
| Matthew V. Crawford |                      |   |                       |                        |   |  |  |
| Robert D. Vilsack   | 4/12/2007            |   |                       |                        | 10,000  | 20.00  | 116,000  |
| Patrick W. Fogarty  | 4/12/2007            |   |                       |                        | 10,000  | 20.00  | 116,000  |

(1) For 2007, Mr. E. Crawford was entitled to a cash bonus equal to 4% of our consolidated income before income taxes under the Bonus Plan. Accordingly, there is no threshold, target or maximum award amount, except such award is limited to a maximum of \$3.0 million under the terms of the Bonus Plan. For 2007, Mr. E. Crawford earned a cash bonus in the amount of \$1,246,920.

(2) The amounts in column (f) above are the number of stock options granted in 2007. All stock options were granted with an exercise price equal to the closing market price of our Common Stock on the day of the grant, have a ten-year term and will become exercisable over a three-year period beginning on the first anniversary of the grant date. In the case of death, disability, retirement or change in control, the stock options become 100% vested and exercisable.

(3) The amounts in column (h) above represent the grant date fair value calculated in accordance with FAS 123R. Assumptions used in the calculation of the amounts are included in Note I to our consolidated financial statements included in our Annual Report on Form 10-K for 2007.

For 2007, base salary and bonuses (other than pursuant to non-equity incentive plans) were 25.3% of total compensation in the Summary Compensation table for Mr. E. Crawford; 53.7% for Mr. M. Crawford; 89.3% for Mr. Elliott; 84.0% for Mr. Fogarty and 86.7% for Mr. Vilsack.

None of the named executive officers has an employment agreement with us.

None of the named executive officers participated in the company's non-qualified deferred compensation plan in 2007.





**Table of Contents****Outstanding Equity Awards at 2007 Fiscal Year-End**

| Name                | Option Awards   |  |  |                            |                        | Stock Awards  |   |   |  |  |
|---------------------|---|--|--|----------------------------|------------------------|---|---|---|--|--|
|                     | Number of Securities Underlying Unexercised Options Exercisable (#) | Number of Securities Underlying Unexercised Options Unexercisable (#)(1) | Number of Securities Underlying Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(4) | Equity Incentive Plan Awards: Market Awards: or Number of Payout Value Unearned of Shares, Units or Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market Awards: or Number of Payout Value Unearned of Shares, Units or Rights That Have Not Vested (\$) | Equity Incentive Plan Awards: Market Awards: or Number of Payout Value Unearned of Shares, Units or Rights That Have Not Vested (\$) |
| (a)                 | (b)   | (c)  | (d)  | (e)                        | (f)                    | (g)   | (h)   | (i)   | (j)  | (k)  |
| Edward F. Crawford  | 300,000   |  |  | 1.91                       | 11/30/2011             |   |   |   |  |  |
|                     | 16,670  | 8,330  |  | 14.90                      | 05/02/2015             | 116,667 <sup>(2)</sup>                                      | 2,928,341   |   |  |  |
| Richard P. Elliott  | 5,000   |  |  | 1.91                       | 11/30/2011             |   |   |   |  |  |
|                     | 3,334   | 1,666  |  | 14.90                      | 05/02/2015             |   |   |   |  |  |
|                     |   | 10,000   |  | 20.00                      | 04/12/2017             |   |   |   |  |  |
| Matthew V. Crawford | 275,000   |  |  | 1.91                       | 11/30/2011             |   |   |   |  |  |
|                     | 16,670  | 8,330  |  | 14.90                      | 05/02/2015             | 120,000 <sup>(3)</sup>                                      | 3,012,000   |   |  |  |
| Robert D. Vilsack   | 10,000  |  |  | 3.34                       | 03/10/2013             |   |   |   |  |  |
|                     | 10,000  |  |  | 4.40                       | 05/21/2013             |   |   |   |  |  |
|                     | 3,334   | 1,666  |  | 14.90                      | 05/02/2015             |   |   |   |  |  |
|                     |   | 10,000   |  | 20.00                      | 04/12/2017             |   |   |   |  |  |
| Patrick W. Fogarty  | 3,334   | 1,666  |  | 14.90                      | 05/02/2015             |   |   |   |  |  |
|                     |   | 10,000   |  | 20.00                      | 04/12/2017             |   |   |   |  |  |

- (1) These stock options become exercisable equally over a three-year period beginning on the first anniversary of the grant date.
- (2) These restricted shares vest equally over a three-year period beginning on the first anniversary of the grant date.
- (3) These restricted shares vest equally over a five-year period beginning on the first anniversary of the grant date.
- (4) These amounts are based on the closing market price of our Common Stock of \$25.10 per share as of December 31, 2007.

**2007 Option Exercises and Stock Vested**

| Name<br>(a)         | Option Awards        |                | Stock Awards        |                |
|---------------------|----------------------|----------------|---------------------|----------------|
|                     | Number of Shares     | Value Realized | Number of Shares    | Value Realized |
|                     | Acquired on Exercise | on Exercise    | Acquired on Vesting | on Vesting     |
|                     | (#)<br>(b)           | (\$)<br>(c)    | (#)<br>(d)          | \$(1)<br>(e)   |
| Edward F. Crawford  |                      |                | 58,333              | 1,557,491      |
| Richard P. Elliott  |                      |                | 0                   | 0              |
| Matthew V. Crawford |                      |                | 30,000              | 801,000        |
| Robert D. Vilsack   |                      |                | 1,000               | 19,010         |
| Patrick W. Fogarty  |                      |                | 1,000               | 19,010         |

- (1) These amounts are based on the closing market price of our Common Stock on the day on which the restricted shares vested.

**Table of Contents****PENSION BENEFITS AND NON-QUALIFIED DEFERRED COMPENSATION****2007 Pension Benefits and Non-qualified Deferred Compensation Tables**

None of the named executive officers participated in any pension plan or any non-qualified deferred compensation plan sponsored by us during 2007.

**POTENTIAL POST-EMPLOYMENT PAYMENTS**

Upon termination of employment for any reason, no special severance benefits are payable to any of the named executive officers. Upon a change of control, or the death, disability, or retirement of a named executive officer, all restricted share grants fully vest and all unvested stock options become immediately exercisable. The value of these vesting accelerations for the named executive officers, as if a change of control had occurred on December 31, 2007, would be as follows:

| <b>Name</b>         | <b>Stock<br/>Options<br/>(\$)(1)</b> | <b>Restricted<br/>Shares<br/>(\$)(2)</b> | <b>Total<br/>(\$)</b> |
|---------------------|--------------------------------------|--|-----------------------|
| Edward F. Crawford  | 84,966                               | 2,928,341                                | 3,013,307             |
| Richard P. Elliott  | 67,993                               | 0  | 67,993                |
| Matthew V. Crawford | 84,996                               | 3,012,000                                | 3,096,966             |
| Robert D. Vilsack   | 67,993                               | 0  | 67,993                |
| Patrick W. Fogarty  | 67,993                               | 0  | 67,993                |

- (1) Vesting of previously unexercisable options is valued as the spread between the exercise price and the closing market price of \$25.10 of our Common Stock on December 31, 2007.
- (2) Vesting of previously unvested restricted shares is valued at the closing market price of \$25.10 of our Common Stock on December 31, 2007.

No cash payments or other benefits are due the named executive officers upon a change of control, as defined in the 1998 Plan. A change of control is generally defined as: (i) our corporate reorganization or a sale of substantially all of our assets with the result that the shareholders prior to the reorganization or sale afterwards hold less than a majority of our voting stock; (ii) any person (other than Mr. E. Crawford) becoming the beneficial owner of 20% or more of the combined voting power of our outstanding securities; (iii) we enter into an agreement changing the control of our voting stock; and (iv) a change in the majority of our Board of Directors.

**Table of Contents****COMPENSATION OF DIRECTORS**

We compensate non-employee directors for serving on our Board of Directors and reimburse them for expenses incurred in connection with Board and committee meetings. During 2007, each non-employee director received as an annual retainer a grant of 2,500 restricted shares. The restricted shares were granted in accordance with the 1998 Plan. The non-employee directors also received \$2,000 for each Board meeting attended, or \$500 for each Board meeting attended telephonically. Committee members received \$500 for each meeting attended whether in person or telephonically. Committee Chairpersons received \$1,000 per committee meeting chaired.

| Name<br>(a)        | Fees<br>Earned<br>or           |                                   | Change in Pension<br>Value and  |   |   |   |   | Total<br>(\$)<br>(h) |
|--------------------|--------------------------------|-----------------------------------|---------------------------------|---|---|---|---|----------------------|
|                    | Paid in<br>Cash<br>(\$)<br>(b) | Stock<br>Awards<br>(\$)(1)<br>(c) | Option<br>Awards<br>(\$)<br>(d) | Non-Equity<br>Incentive Plan<br>Compensation<br>(\$)<br>(e) | Nonqualified<br>Deferred<br>Compensation<br>Earnings<br>(f) | All<br>Other<br>Compensation<br>(\$)<br>(g) |   |                      |
| Patrick V. Auletta | 12,500                         | 50,413                            |                                 |   |   |   | 0 | 62,913               |
| Kevin R. Greene    | 9,000                          | 50,413                            |                                 |   |   |   | 0 | 59,413               |
| Dan T. Moore III   | 6,500                          | 50,413                            |                                 |   |   |   | 0 | 56,913               |
| Ronna Romney       | 8,000                          | 50,413                            |                                 |   |   |   | 0 | 58,413               |
| James W. Wert      | 11,000                         | 50,413                            |                                 |   |   |   | 0 | 61,413               |

(1) These amounts represent the dollar amount recognized for financial statement reporting purposes with respect to 2007 for awards of restricted shares granted in 2007 and in prior years, in accordance with FAS 123R. The restricted shares vest one year from the date of grant. Assumptions used in the calculation of the amounts are included in Note I to our consolidated financial statements included in our Annual Report on Form 10-K for 2007. As of December 31, 2007, each director held 2,500 outstanding shares subject to restriction.

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**AUDIT COMMITTEE**

**Audit Committee Report**

The Audit Committee oversees our accounting and financial reporting processes and the audits of financial statements. The Audit Committee selects our independent auditors. The Audit Committee is composed of three directors, each of whom is independent as defined under the rules of the Nasdaq Stock Market and SEC rules. Currently, the Audit Committee is composed of Messrs. Auletta, Greene and Wert. The Audit Committee operates under a written charter adopted by the Board of Directors.

Management is responsible for our internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of our consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee met with management and Ernst & Young LLP to review and discuss the audited consolidated financial statements for the year ended December 31, 2007. The Audit Committee discussed with Ernst & Young LLP its judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required by Statement on Auditing Standards No. 61 (*Communication with Audit Committees*), as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), as adopted by the Public Company Accounting Standards Oversight Board in Rule 3600T, has discussed with Ernst & Young LLP its independence from management and has considered the compatibility of non-audit services with the auditors' independence.

The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the overall scope and plans for their respective audits, the results of audit examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

Patrick V. Auletta, Chair  
Kevin R. Greene  
James W. Wert

**Table of Contents****Independent Auditor Fee Information***Audit and Non-Audit Fees*

The following table presents fees for professional audit services rendered by Ernst & Young LLP for the audit of our annual financial statements in each of the last two fiscal years:

|                    | <b>2006</b>         | <b>2007</b>         |
|--------------------|---------------------|---------------------|
| Audit fees         | \$ 1,084,000        | \$ 1,043,000        |
| Audit-related fees | \$ 83,000           | \$ 75,000           |
| Tax fees           | \$ 112,000          | \$ 77,800           |
| All other fees     | \$ 0                | \$ 0                |
|                    | <b>\$ 1,279,000</b> | <b>\$ 1,195,800</b> |

Fees for audit services included fees associated with the annual audit, the reviews of quarterly reports on Form 10-Q, statutory audits required internationally and the audit of management's assessment of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. Audit-related fees principally included fees in connection with pension plan audits and accounting consultations. Tax fees included fees in connection with tax compliance and tax planning services.

*Pre-approval policy*

The Audit Committee has adopted a formal policy on auditor independence requiring the approval by the Audit Committee of all professional services rendered by our independent auditor prior to the commencement of the specified services.

One hundred percent of the services described in *Audit-Related Fees*, *Tax Fees*, and *All Other Fees* were pre-approved by the Audit Committee in accordance with the Audit Committee's formal policy on auditor independence.

*Independent Auditors*

The Audit Committee has retained Ernst & Young LLP as our independent auditor for the year ending December 31, 2007. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and have an opportunity to make a statement at the Annual Meeting, if they so desire, and will be available to respond to appropriate shareholders' questions.

**TRANSACTIONS WITH RELATED PERSONS**

In accordance with our Audit Committee Charter, our Audit Committee is responsible for reviewing and approving the terms and conditions of all related-party transactions. In some cases, however, the Audit Committee will defer the approval of a related-party transaction to the disinterested members of the full Board of Directors.

Neither the Audit Committee nor the Board of Directors has written policies or procedures with respect to the review, approval or ratification of related-party transactions. Instead, the Audit Committee, or the Board of Directors, as applicable, reviews each proposed transaction on a case-by-case basis taking into account all relevant factors, including whether the terms and conditions are at least as favorable to us as if negotiated on an arm's-length basis with unrelated third parties. The following related-party transactions have been approved either by our Board of Directors or our Audit Committee.

During 2007, we chartered, on an hourly basis, an airplane from a third-party private aircraft charter company. One of the aircraft available for use by us is an aircraft owned jointly by this charter company and a company owned by Mr. E. Crawford. For 2007, we paid \$74,241 for the use of that aircraft.

We lease space in three buildings in Conneaut, Ohio: (a) a 91,300 square foot facility owned by a company owned by Mr. M. Crawford, at a monthly rent of \$30,400; (b) an additional 70,000 square foot attached facility

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owned by the same company, at a monthly rent of \$10,000; and (c) a separate 50,000 square foot facility owned by the spouse of Mr. E. Crawford, at a monthly rent of \$4,000. We lease a 125,000 square foot facility in Huntington, Indiana from a company owned by Mr. E. Crawford, at a monthly rent of \$13,500. We lease a 150,000 square foot facility in Cleveland, Ohio from a company owned by Mr. M. Crawford, at a monthly rent of \$28,835. We lease a 60,450 square feet building we use as our corporate headquarters in Mayfield Heights, Ohio, from a company owned by Mr. E. Crawford, at a monthly rent of \$68,488.

**SHAREHOLDER PROPOSALS FOR THE 2008 ANNUAL MEETING**

*2009 Proposals.* Any shareholder who intends to present a proposal to include in the proxy materials for the 2009 annual meeting of shareholders must comply with Rule 14a-8 of the Exchange Act. To have the proposal included in our proxy statement and form of proxy for that meeting, the shareholder must deliver the proposal in writing by December 15, 2008 to the Secretary of the Company, at 6065 Parkland Blvd., Cleveland, Ohio 44124. In connection with proposals of shareholders submitted outside the processes of Rule 14a-8 of the Exchange Act in connection with the 2009 annual meeting of shareholders, our proxy statement relating to the 2009 annual meeting of shareholders will give discretionary authority to those individuals named in the accompanying proxy to vote with respect to all non-Rule 14a-8 proposals received by us after February 28, 2009.

*Advance Notice Procedures.* Under our Regulations, no business may be brought before an annual meeting unless it is specified in the notice of the meeting or otherwise brought before the meeting by or at the direction of the Board of Directors or by a shareholder who has delivered written notice to our Secretary not less than sixty days nor more than ninety days before the meeting. If there was less than seventy-five days notice or prior public disclosure of the date of the meeting given or made to the shareholders, then in order for the notice by the shareholder to be timely it must be received no later than the close of business on the fifteenth day after the earlier of the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

**ANNUAL REPORT**

Our Annual Report for the year ended December 31, 2007 is being mailed to each shareholder of record with this Proxy Statement. Additional copies may be obtained from the undersigned.

PARK-OHIO HOLDINGS CORP.

ROBERT D. VILSACK  
*Secretary*

April 14, 2008



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c/o National City Bank  
Shareholder Services Operations  
Locator 5352  
P. O. Box 94509  
Cleveland, OH 44101-4509

**If voting by mail, Proxy must be signed and dated below.  
ê Please fold and detach card at perforation before mailing. ê**

**PARK-OHIO HOLDINGS CORP.**

**PROXY**

**PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

Patrick V. Auletta and James W. Wert or either of them, are hereby authorized, with full power of substitution, to represent and vote the Common Stock of the undersigned at the annual meeting of shareholders of Park-Ohio Holdings Corp. to be held at The Cleveland Marriott East, 26300 Harvard Road, Warrensville Heights, Ohio 44122, on May 20, 2008, and any and all adjournments, postponements or continuations thereof.

DATE: \_\_\_\_\_, 2008

(Sign here)

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

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**YOU ARE ENCOURAGED TO SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES BELOW, BUT YOU NEED NOT MARK ANY BOXES IF YOU WISH TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS RECOMMENDATIONS. THE PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS CARD. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES LISTED BELOW IN PROPOSAL 1.**

**P  
R  
O  
X  
Y**

**If this Proxy is properly executed and returned, shares represented hereby will be voted in the manner specified by the shareholder. If no specification is made, shares will be voted FOR the election of the persons nominated as directors pursuant to the Proxy Statement.**

**1. THE ELECTION OF DIRECTORS**

|   |  |   |  |
|---|--|---|--|
| q | <b>FOR</b> all<br>nominees<br>listed<br>below<br><i>(except<br/>as<br/>otherwise<br/>marked<br/>below)</i> | q | <b>WITHHOLD</b><br>Authority<br><br><i>to vote for<br/>all nominees<br/>listed below</i> |
|---|--|---|--|

Edward F. Crawford

Kevin R. Greene

Dan T. Moore III

**(Instructions: to withhold authority to vote for any individual nominee, strike a line through that nominee's name)**

**2. THE PROXIES ARE AUTHORIZED, IN THEIR DISCRETION, TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT, POSTPONEMENT OR CONTINUATION THEREOF.**

*(Continued and to be signed on reverse)*

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c/o National City Bank  
Shareholder Services Operations  
Locator 5352  
P. O. Box 94509  
Cleveland, OH 44101-4509

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**PARK-OHIO HOLDINGS CORP.**

**CONFIDENTIAL VOTING INSTRUCTIONS**

**CONFIDENTIAL VOTING INSTRUCTIONS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

To The Charles Schwab Trust Company, Trustee of the Individual Account Retirement Plan of Park-Ohio Industries, Inc. and Its Subsidiaries (the Plan ): The undersigned, a participant in the Plan, hereby directs the Trustee to vote in person or by proxy (a) all common shares of Park-Ohio Holdings Corp. credited to the undersigned s account under the Plan on the record date ( allocated shares ); and (b) the proportionate number of common shares of Park-Ohio Holdings Corp. allocated to the accounts of other participants in the Plan, but for which the Trustee does not receive valid voting instructions ( non-directed shares ) and as to which the undersigned is entitled to direct the voting in accordance with the Plan provisions at the annual meeting of shareholders of Park-Ohio Holdings Corp. to be held at The Cleveland Marriott East, 26300 Harvard Road, Warrensville, Ohio 44122, on May 20, 2008, and any and all adjournments, postponements, or continuations thereof. Under the Plan, shares allocated to the accounts of participants for which the Trustee does not receive timely directions in the form of a signed voting instruction card are voted by the Trustee as directed by the participants who timely tender a signed voting instruction card. By completing this Confidential Voting Instruction Form and returning it to the Trustee, you are authorizing the Trustee to vote allocated shares and a proportionate amount of the non-directed shares held in the Plan. The number of non-directed shares for which you may instruct the Trustee to vote will depend on how many other participants exercise their right to direct the voting of their allocated shares. Any participant wishing to vote the non-directed shares differently from the allocated shares may do so by requesting a separate voting instruction form from the Trustee at 800-724-7526.

DATE: \_\_\_\_\_, 2008

(Sign here)

NOTE: Please sign exactly as name appears hereon.

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**Confidential Voting Instruction Form**

**YOU ARE ENCOURAGED TO SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES BELOW, BUT YOU NEED NOT MARK ANY BOXES IF YOU WISH TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS RECOMMENDATIONS. THE PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS FORM. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES LISTED BELOW IN PROPOSAL 1.**

**If This Confidential Voting Instruction Form Is Properly Executed And Returned, Shares Represented Hereby Will Be Voted In The Manner Specified By The Participant.**

1. THE ELECTION OF DIRECTORS

o **FOR** all nominees listed below  
*(except as otherwise marked below)*

o **WITHHOLD** Authority  
*to vote for all nominees listed below*

Edward F. Crawford

Kevin R. Greene

Dan T. Moore III

**(Instructions: to withhold authority to vote for any individual nominee, strike a line through that nominee's name)**

2. THE PROXIES ARE AUTHORIZED, IN THEIR DISCRETION, TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT, POSTPONEMENT OR CONTINUATION THEREOF.

*(Continued and to be signed on reverse)*