TRIMAS CORP
Form 10-Q
May 06, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

ý **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended March 31, 2009

or

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Transition Period from to .
Commission file number 001-10716

TRIMAS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**38-2687639**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

39400 Woodward Avenue, Suite 130
Bloomfield Hills, Michigan 48304
(Address of principal executive offices, including zip code)

(248) 631-5450
(Registrant's telephone number, including area code)

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 ý No o.

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

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

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

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

As of May 6, 2009, the number of outstanding shares of the Registrant's common stock, $.01 par value, was 33,579,547 shares.

TriMas Corporation
Index

Table of Contents

Forward-Looking Statements

This report contains forward-looking statements (as that term is defined by the federal securities laws) about our financial condition, results of operations and business. You can find many of these statements by looking for words such as "may," "will," "expect," "anticipate," "believe," "estimate" and similar words used in this report.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties. Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on the statements, which speak only as of the date of this report.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this report include general economic conditions in the markets in which we operate and industry-related and other factors such as:

Our businesses depend upon general economic conditions and we serve some customers in highly cyclical industries. As a result, we are subject to the loss of sales and margins due to an economic downturn or recession, which could negatively affect us;

Many of the markets we serve are highly competitive, which could limit the volume of products that we sell and reduce our operating margins. We also face the risk of lower cost foreign manufacturers located in China, Southeast Asia and other regions competing in the markets for our products, and we may be adversely impacted;

Increases in our raw material or energy costs or the loss of critical suppliers could adversely affect our profitability and other financial results;

We may be unable to successfully implement our business strategies. Our ability to realize benefits from our business strategies may be limited;

Our products are typically highly engineered or customer-driven and, as such, we are subject to risks associated with changing technology and manufacturing techniques, which could place us at a competitive disadvantage;

We depend on the services of key individuals and relationships, the loss of which would materially harm us;

We have substantial debt and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations;

Restrictions in our debt instruments and accounts receivable facility limit our ability to take certain actions and breaches thereof could impair our liquidity;

We may be unable to protect our intellectual property or face liability associated with the use of products for which intellectual property rights are claimed;

We have significant goodwill and intangible assets. We incurred a significant impairment of our goodwill in 2008 and 2007. If we experience declines in sales and operating profit, do not meet our current and forecasted operating budget, or experience significant declines in our stock price, we may be subject to future impairment charges. Future impairment of our goodwill and intangible assets could have a material adverse impact on our financial results;

Table of Contents

We may incur material losses and costs as a result of product liability, recall and warranty claims that may be brought against us;

Our business may be materially and adversely affected by compliance obligations and liabilities including environmental and other laws and regulations;

Historically, we have grown primarily through acquisitions. If we are unable to identify attractive acquisition candidates, successfully integrate acquired operations or realize the intended benefits of our acquisitions, we may be adversely affected;

We have significant operating lease obligations. Failure to meet those obligations could adversely affect our financial condition;

We may be subject to work stoppages and further unionization at our facilities or our customers or suppliers may be subjected to work stoppages, which could seriously impact the profitability of our business;

Our healthcare costs for active employees and retirees may exceed our projections and may negatively affect our financial results; and

A growing portion of our sales may be derived from international sources, which exposes us to certain risks which may adversely affect our financial results.

We have been notified that we are not in compliance with the continued listing standards of the New York Stock Exchange ("NYSE"). If we are unable to regain compliance with NYSE listing standards, our common stock will be delisted from trading on the NYSE, which could materially impair the liquidity and value of our common stock.

We disclose important factors that could cause our actual results to differ materially from our expectations under Item 2. "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and elsewhere in this report. These cautionary statements qualify all forward-looking statements attributed to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, financial and other condition, results of operations, prospects and ability to service our debt.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TriMas Corporation

Consolidated Balance Sheet

(Unaudited dollars in thousands)

	March 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 4,540	$ 3,910
Receivables, net	112,740	104,760
Inventories	172,290	188,950
Deferred income taxes	16,970	16,970
Prepaid expenses and other current assets	5,860	7,430
Assets of discontinued operations held for sale	3,440	26,200
Total current assets	315,840	348,220
Property and equipment, net	175,200	181,570
Goodwill	200,690	202,280
Other intangibles, net	175,320	178,880
Other assets	18,310	19,270
Total assets	$ 885,360	$ 930,220
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities, long-term debt	$ 8,890	$ 10,360
Accounts payable	98,150	111,810
Accrued liabilities	71,950	66,340
Liabilities of discontinued operations	990	1,340
Total current liabilities	179,980	189,850
Long-term debt	566,280	599,580
Deferred income taxes	48,110	51,650
Other long-term liabilities	44,530	34,240
Total liabilities	838,900	875,320
Preferred stock $0.01 par: Authorized 100,000,000 shares; Issued and outstanding: None		
Common stock, $0.01 par: Authorized 400,000,000 shares; Issued and outstanding: 33,582,693 shares at March 31, 2009 and 33,620,410 shares at December 31, 2008	330	330
Paid-in capital	527,030	527,000
Accumulated deficit	(513,840)	(510,160)
Accumulated other comprehensive income	32,940	37,730
Total shareholders' equity	46,460	54,900

Total liabilities and shareholders' equity	$ 885,360	$ 930,220

The accompanying notes are an integral part of these financial statements.

Table of Contents

TriMas Corporation

Consolidated Statement of Operations

(Unaudited dollars in thousands, except per share amounts)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Net sales	$ 202,710	$ 264,590
Cost of sales	(156,870)	(194,660)
Gross profit	45,840	69,930
Selling, general and administrative expenses	(41,540)	(42,000)
Gain (loss) on dispositions of property and equipment	40	(90)
Operating profit	4,340	27,840
Other income (expense), net:		
Interest expense	(12,490)	(14,710)
Gain on extinguishment of debt	15,310	
Other, net	(700)	(1,190)
Other income (expense), net	2,120	(15,900)
Income from continuing operations before income tax expense	6,460	11,940
Income tax expense	(2,400)	(4,330)
Income from continuing operations	4,060	7,610
Income (loss) from discontinued operations, net of income tax benefit (expense)	(7,740)	260
Net income (loss)	$ (3,680)	$ 7,870
Earnings per share basic:		
Continuing operations	$ 0.12	$ 0.23
Discontinued operations, net of income tax benefit (expense)	(0.23)	
Net income (loss) per share	$ (0.11)	$ 0.23
Weighted average common shares basic	33,459,502	33,409,500
Earnings per share diluted:		
Continuing operations	$ 0.12	$ 0.23
Discontinued operations, net of income tax benefit (expense)	(0.23)	
Net income (loss) per share	$ (0.11)	$ 0.23
Weighted average common shares diluted	33,487,526	33,409,770

The accompanying notes are an integral part of these financial statements.

Table of Contents

TriMas Corporation

Consolidated Statement of Cash Flows

(Unaudited dollars in thousands)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Net income (loss)	$ (3,680)	$ 7,870
Adjustments to reconcile net income (loss) to net cash provided by operating activities, net of acquisition impact:		
(Gain) loss on dispositions of property and equipment	(50)	110
Depreciation	8,110	6,850
Amortization of intangible assets	3,650	3,900
Amortization of debt issue costs	610	600
Deferred income taxes	(2,740)	
Gain on extinguishment of debt	(15,310)	
Non-cash compensation expense	30	290
Net proceeds from (reductions in) sale of receivables and receivables securitization	(6,130)	18,830
Increase in receivables	(2,630)	(34,920)
(Increase) decrease in inventories	18,090	(1,790)
Decrease in prepaid expenses and other assets	1,660	1,670
Increase in accounts payable and accrued liabilities	1,180	6,400
Other, net	(990)	(120)
Net cash provided by operating activities, net of acquisition impact	1,800	9,690
Cash Flows from Investing Activities:		
Capital expenditures	(3,280)	(6,190)
Acquisition of businesses, net of cash acquired		(2,400)
Net proceeds from disposition of businesses and other assets	20,680	
Net cash provided by (used for) investing activities	17,400	(8,590)
Cash Flows from Financing Activities:		
Repayments of borrowings on term loan facilities	(770)	(2,080)
Proceeds from borrowings on revolving credit facilities	272,900	156,580
Repayments of borrowings on revolving credit facilities	(274,680)	(154,890)
Retirement of senior subordinated notes	(16,020)	
Net cash used for financing activities	(18,570)	(390)
Cash and Cash Equivalents:		
Increase for the period	630	710
At beginning of period	3,910	4,800
At end of period	$ 4,540	$ 5,510
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 4,770	$ 5,930
Cash paid for taxes	$ 2,440	$ 2,390

The accompanying notes are an integral part of these financial statements.

Table of Contents

TriMas Corporation

Consolidated Statement of Shareholders' Equity

Three Months Ended March 31, 2009

(Unaudited dollars in thousands)

	Common Stock	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balances, December 31, 2008	$ 330	$527,000	$ (510,160)	$ 37,730	$54,900
Comprehensive income (loss):					
Net loss			(3,680)		(3,680)
Foreign currency translation				(3,770)	(3,770)
Net losses on derivative instruments (net of tax of $0.6 million) (Note 10)				(1,020)	(1,020)
Total comprehensive income (loss)					(8,470)
Non-cash compensation expense		30			30
Balances, March 31, 2009	$ 330	$527,030	$ (513,840)	$ 32,940	$46,460

The accompanying notes are an integral part of these financial statements.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Basis of Presentation

TriMas Corporation ("TriMas" or the "Company"), and its consolidated subsidiaries, is a global manufacturer and distributor of products for commercial, industrial and consumer markets. The Company is principally engaged in five business segments with diverse products and market channels. Packaging Systems offers a broad spectrum of closure and dispensing solutions in industrial and consumer packaging applications. Energy Products is a manufacturer and distributor of a variety of engines, engine replacement parts and specialty gaskets for the oil and gas industry, petrochemical and industrial markets. Industrial Specialties designs and manufactures a diverse range of industrial products for use in focused markets within the aerospace, industrial, automotive, defense, and medical equipment markets. RV & Trailer Products is a manufacturer and distributor of custom-engineered trailer products, brake control solutions and other accessories for use in a variety of commercial and recreational trailer applications. Recreational Accessories offers an extensive array of towing and cargo management product lines. See Note 12, "Segment Information," for further information on each of the Company's business segments.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and in the opinion of management, contain all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of financial position and results of operations. Results of operations for interim periods are not necessarily indicative of results for the full year. Certain prior year amounts have been reclassified to conform with the current year presentation. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the Company's 2008 Annual Report on Form 10-K.

2. Discontinued Operations and Assets Held for Sale

During the fourth quarter of 2008, the Company entered into a binding agreement to sell certain assets within its specialty laminates, jacketings and insulation tapes line of business, which was part of the Packaging Systems segment. The sale was completed in February 2009 for proceeds of approximately $21.0 million. The Company's manufacturing facility is subject to a lease agreement expiring in 2024 that was not assumed by the purchaser of the business. During first quarter 2009, upon the cease use date of the facility, the Company recorded a pre-tax charge of approximately $10.7 million for future lease obligations on the facility, net of estimated sublease recoveries, determined in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities."

During the fourth quarter of 2007, the Company committed to a plan to sell its rocket launcher and property management lines of business, both of which were part of the Industrial Specialties segment. The Company sold the assets of the rocket launcher business in December 2007. Although the property management line of business has not yet been sold, the Company continues to actively market the business and has adjusted its sales price expectations, consistent with the changes in the current economic conditions. As such, the Company continues to report the property management business as discontinued operations and assets held for sale for all periods presented.

The results of the aforementioned businesses are reported as discontinued operations for all periods presented.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

2. Discontinued Operations and Assets Held for Sale (Continued)

Results of discontinued operations are summarized as follows:

	Three months ended March 31, 2009	Three months ended March 31, 2008
	(dollars in thousands)	
Net sales	$ 8,130	$ 14,460
Income (loss) from discontinued operations before income tax expense	$ (12,630)	$ 410
Income tax (expense) benefit	4,890	(150)
Income (loss) from discontinued operations, net of income tax expense	$ (7,740)	$ 260

Assets and liabilities of the discontinued operations held for sale are summarized as follows:

	March 31, 2009	December 31, 2008
	(dollars in thousands)	
Receivables, net	$ 910	$ 680
Inventories, net	20	7,750
Prepaid expenses and other assets	20	7,650
Property and equipment, net	2,490	10,120
Total assets	$ 3,440	$ 26,200
Accounts payable	$ 10	$ 90
Accrued liabilities and other	980	1,250
Total liabilities	$ 990	$ 1,340

3. Mosinee Plant Closure

In March 2009, the Company announced plans to close its manufacturing facility in Mosinee, Wisconsin by the third quarter of 2009, moving production and distribution functions currently in Mosinee to lower-cost manufacturing facilities or to third-party sourcing partners. In connection with this action, the Company recorded a pre-tax charge within its RV & Trailer Products segment of approximately $1.6 million in the first quarter of 2009, determined in accordance with the provisions of SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The charge primarily related to cash costs for severance benefits for approximately 160 employees to be involuntarily terminated as part of the closure. The Company also expects to incur a pre-tax non-cash charge of approximately $3.0 million during the first three quarters of 2009 as determined under the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," related to accelerated depreciation expense as a result of shortening the expected useful lives on certain machinery and equipment assets that the Company will no longer utilize following the closure. The Company recorded approximately $0.5 million of accelerated depreciation expense for the machinery and equipment during the first quarter of 2009.

The Company's manufacturing facility in Mosinee is subject to a lease agreement expiring in 2022. The Company is currently assessing the potential recoverability of its future lease obligations for this

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

3. Mosinee Plant Closure (Continued)

facility, and will record an estimate of any future unrecoverable lease obligations upon the cease use date of the facility.

4. Acquisitions

In January 2008, the Company acquired Parkside Towbars, Pty. Ltd. ("Parkside"), located in Western Australia, strengthening the Company's position in international markets and expanding the Company's towing and truck accessory product offering. Parkside is included in the Company's RV & Trailer Products segment.

The result of operations of the aforementioned acquisition is not significant compared to the overall results of operations of the Company.

5. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the three months ended March 31, 2009 are summarized as follows:

	Packaging Systems	Energy Products	Industrial Specialties	RV & Trailer Products	Recreational Accessories	Total
			(dollars in thousands)			
Balance, December 31, 2008	$113,760	$ 44,980	$ 43,540	$	$	$202,280
Foreign currency translation and other	(1,420)	(170)				(1,590)
Balance, March 31, 2009	$112,340	$ 44,810	$ 43,540	$	$	$200,690

The gross carrying amounts and accumulated amortization of the Company's other intangibles as of March 31, 2009 and December 31, 2008 are summarized below. The Company amortizes these assets over periods ranging from 1 to 30 years.

	As of March 31, 2009		As of December 31, 2008	
Intangible Category by Useful Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(dollars in thousands)		
Customer relationships:				
5 12 years	$ 25,570	$ (16,740)	$ 25,600	$ (16,140)
15 25 years	154,610	(55,070)	154,610	(53,010)
Total customer relationships	180,180	(71,810)	180,210	(69,150)
Technology and other:				
1 15 years	25,520	(20,340)	25,570	(19,890)
17 30 years	42,130	(15,200)	42,000	(14,700)
Total technology and other	67,650	(35,540)	67,570	(34,590)
Trademark/Trade names (indefinite life)	34,840		34,840	

$282,670	$ (107,350)	$282,620	$ (103,740)

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

5. Goodwill and Other Intangible Assets (Continued)

Amortization expense related to technology and other intangibles was approximately $1.0 million for each of the three months ended March 31, 2009 and 2008, respectively. These amounts are included in cost of sales in the accompanying consolidated statement of operations. Amortization expense related to customer intangibles was approximately $2.6 million for each of the three months ended March 31, 2009 and 2008, respectively. These amounts are included in selling, general and administrative expenses in the accompanying consolidated statement of operations.

6. Accounts Receivable Securitization

TriMas is party to a 364-day receivable securitization facility through TSPC, Inc. ("TSPC"), a wholly-owned subsidiary, to sell trade accounts receivable of substantially all of the Company's domestic business operations. The Company completed its annual renewal of the facility in February 2009, and reduced the committed funding from $90.0 million to $55.0 million. Renewal costs in 2009 approximated $0.4 million.

TSPC from time to time may sell an undivided fractional ownership interest in the pool of receivables up to approximately $55.0 million to a third party multi-seller receivables funding company. As of March 31, 2009 and December 31, 2008, the Company's funding under the facility was approximately $10.0 million and $20.0 million, respectively, with an additional $33.3 million and $30.9 million, respectively, available but not utilized. The Company had pledged receivables of approximately $83.7 million and $79.5 million under the program as of March 31, 2009 and December 31, 2008, respectively, which are included in receivables in the accompanying consolidated balance sheet. The net proceeds of sales are less than the face amount of accounts receivable sold by an amount that approximates the purchaser's financing costs, including a usage fee (4.50% and 1.05% as of March 31, 2009 and 2008, respectively), a fee on the unused portion of the facility (2.25% and 0.50% as of March 31, 2009 and 2008, respectively), and cost of funds fees (see below), which amounted to a total of $0.3 million and $0.7 million for the three months ended March 31, 2009 and 2008, respectively. Such amounts are included in other expense, net in the accompanying consolidated statement of operations. This facility expires on February 12, 2010.

The cost of funds fees are determined by calculating the estimated present value of the receivables sold compared to their carrying amount. The estimated present value factor is based on historical collection experience and a discount rate representing a spread over a commercial paper-based rate as prescribed under the terms of the securitization agreement. As of March 31, 2009 and 2008, the costs of funds fees were based on an average liquidation period of the portfolio of approximately 1.3 months, and an average discount rate of 2.6% and 2.3%, at March 31, 2009 and 2008, respectively.

In addition, the Company from time to time may sell an undivided interest in accounts receivable under factoring arrangements at three of its European subsidiaries. As of March 31, 2009 and December 31, 2008, the Company's funding under these arrangements was approximately $3.9 million and $3.2 million, respectively. Sales of the European subsidiaries' accounts receivable were sold at a discount from face value of approximately 1.8% and 2.0%, at March 31, 2009 and 2008, respectively. Costs associated with these transactions were approximately $0.07 million and $0.08 million for the three months ended March 31, 2009 and 2008, respectively, and are included in other expense, net in the accompanying consolidated statement of operations.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

7. Inventories

Inventories consist of the following:

	March 31, 2009	December 31, 2008
	(dollars in thousands)	
Finished goods	$113,570	$ 119,980
Work in process	20,880	23,250
Raw materials	37,840	45,720
Total inventories	$172,290	$ 188,950

8. Property and Equipment, Net

Property and equipment consists of the following:

	March 31, 2009	December 31, 2008
	(dollars in thousands)	
Land and land improvements	$ 2,230	$ 4,920
Buildings	43,990	44,470
Machinery and equipment	280,250	279,580
	326,470	328,970
Less: Accumulated depreciation	151,270	147,400
Property and equipment, net	$175,200	$ 181,570

Depreciation expense was $6.8 million and $6.5 million for the three months ended March 31, 2009 and 2008, respectively, of which $6.0 million and $5.5 million, respectively, is included in cost of sales in the accompanying statement of operations, and $0.8 million and $1.0 million, respectively, is included in selling, general and administrative expenses in the accompanying statement of operations.

9. Long-term Debt

The Company's long-term debt consists of the following:

	March 31, 2009	December 31, 2008
	(dollars in thousands)	
U.S. bank debt	$261,050	$ 262,580
Non-U.S. bank debt and other	16,720	18,220
$9^7/_8$% senior subordinated notes, due June 2012	297,400	329,140
	575,170	609,940
Less: Current maturities, long-term debt	8,890	10,360
Long-term debt	$566,280	$ 599,580

12

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

9. Long-term Debt (Continued)

U.S. Bank Debt

The Company is a party to a credit facility consisting of a $90.0 million revolving credit facility, a $60.0 million deposit-linked supplemental revolving credit facility and a $260.0 million term loan facility (collectively, the "Credit Facility"). Under the Credit Facility, the revolving credit facilities mature on August 2, 2011, while the term loan matures on August 2, 2013 (or February 28, 2012 if the Company's existing senior subordinated notes are still outstanding as of that date). Under the Credit Facility, the Company is also able to issue letters of credit, not to exceed $65.0 million in aggregate, against its revolving credit facility commitments. At March 31, 2009 and December 31, 2008, the Company had letters of credit of approximately $31.0 million and $34.1 million, respectively, issued and outstanding. The weighted average interest rate on borrowings under the Credit Facility was 3.63% and 5.37% at March 31, 2009 and December 31, 2008, respectively.

At March 31, 2009, the Company had $7.5 million outstanding under its revolving credit facility and had an additional $111.5 million potentially available after giving effect to the $31.0 million letters of credit issued and outstanding. However, including availability under its accounts receivable facility and after consideration of leverage restrictions contained in the Credit Facility, the Company had approximately $142.7 million of capacity available to it under its revolving credit facility and receivables securitization for general corporate purposes.

The bank debt is an obligation of the Company and its subsidiaries. Although the terms of the Credit Facility do not restrict the Company's subsidiaries from making distributions to it in respect of its $9^7/_8$% senior subordinated notes, it does contain certain other limitations on the distribution of funds from TriMas Company LLC, the principal subsidiary, to the Company. The restricted net assets of the guarantor subsidiaries, of approximately $350.9 million and $369.4 million at March 31, 2009 and December 31, 2008, respectively, are presented in the financial information in Note 18, "*Supplemental Guarantor Condensed Consolidating Financial Information*." The Credit Facility also contains various negative and affirmative covenants and other requirements affecting the Company and its subsidiaries, including: restrictions on incurrence of debt, except for permitted acquisitions and subordinated indebtedness, liens, mergers, investments, loans, advances, guarantee obligations, acquisitions, asset dispositions, sale-leaseback transactions greater than $90.0 million if sold at fair market value, hedging agreements, dividends and other restricted junior payments, stock repurchases, transactions with affiliates, restrictive agreements and amendments to charters, by-laws, and other material documents. The Credit Facility also requires the Company and its subsidiaries to meet certain restrictive financial covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense ratio (consolidated EBITDA, as defined, over cash interest expense, as defined) and a capital expenditures covenant. The Company was in compliance with its covenants at March 31, 2009.

Principal payments required on the Credit Facility term loan are: $0.7 million due each calendar quarter through June 30, 2013, with $242.5 million due on August 2, 2013 (which may be changed to February 2012 if the Company's senior subordinated notes are still outstanding at that time).

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

9. Long-term Debt (Continued)

Non-U.S. bank debt

In the United Kingdom, the Company's subsidiary is party to a revolving debt agreement which is secured by a letter of credit under the Credit Facility. At March 31, 2009, the balance outstanding under this arrangement was $0.1 million at an interest rate of 2.0%. At December 31, 2008, the balance outstanding under this agreement was approximately $0.3 million at and interest rate of 3.5%.

In Italy, the Company's subsidiary is party to a loan agreement for a term of seven years, at a rate 0.75% above EURIBOR (Euro Interbank Offered Rate), and is secured by land and buildings of the subsidiary. At March 31, 2009, the balance outstanding under this agreement was $2.0 million at an interest rate of 2.26%. At December 31, 2008, the balance outstanding under this agreement was approximately $2.2 million at an interest rate of 3.64%.

In Australia, the Company's subsidiary is party to a debt agreement which matures December 31, 2010 and is secured by substantially all the assets of the subsidiary. At March 31, 2009, the balance outstanding under this agreement was $14.3 million at a weighted average interest rate of 5.76%. At December 31, 2008, the balance outstanding under this agreement was approximately $15.3 million at an interest rate of approximately 5.87%.

Notes

During the first quarter 2009, the Company utilized approximately $16.0 million of cash on hand to retire $31.8 million of face value $9^{7}/_{8}$% senior subordinated notes due 2012 (Notes), resulting in a net gain of approximately $15.3 million after considering non-cash debt extinguishment costs of $0.5 million.

The Notes indenture contains negative and affirmative covenants and other requirements that are comparable to those contained in the Credit Facility. At March 31, 2009, the Company was in compliance with all such covenant requirements.

10. Derivative Instruments

The Company is exposed to interest rate risk associated with fluctuations in the interest rate on its variable rate debt. Derivatives used to manage interest rate risk are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The Company formally documents qualifying hedged transactions and hedging instruments, and assesses, both at inception of the contract and on an ongoing basis, whether the hedging instruments are effective in offsetting changes in cash flows of the hedged transaction. The Company does not enter into derivative instrument agreements for speculative purposes.

In February 2008, the Company entered into an interest rate swap agreement effective April 2008 to fix the LIBOR-based variable portion of the interest rate on $125.0 million notional amount of its term loan facility at 2.73% through October 2009. In January 2009, the Company entered into two additional interest rate swap agreements. The first of these swaps is effective in January 2009 and fixes the LIBOR-based variable portion of the interest rate on $75.0 million notional amount of its term loan facility at 1.39% through January 2011. The second of these swaps is effective in October 2009 and fixes the LIBOR-based variable portion of the interest rate on $125.0 million notional amount of

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

10. Derivative Instruments (Continued)

its term loan facility at 1.91% through July 2011. The Company has formally designated these swap agreements as cash flow hedges and expects the hedges to be highly effective in offsetting fluctuations in the designated interest payments resulting from changes in the benchmark interest rate.

As of March 31, 2009 and December 31, 2008, the fair value carrying amount of the Company's derivative instruments is recorded as follows:

		Asset Derivatives		Liability Derivatives	
		Fair value at		Fair value at	
	Balance Sheet Location	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008
		(dollars in thousands)			
Derivatives designated as hedging instruments under SFAS 133					
Interest rate contracts	Accrued liabilities	$	$	$ 1,710	$ 1,160
Interest rate contracts	Other long-term liabilities			1,080	
Total derivatives designated as hedging instruments under SFAS 133		$	$	$ 2,790	$ 1,160

Activity related to derivative instruments within accumulated other comprehensive income for the three months ended March 31, 2009 is summarized as follows:

	Pre-tax	Tax Effect	After-tax
	(dollars in thousands)		
Balance, December 31, 2008	$ (1,160)	$ 440	$ (720)
(Gain) loss reclassified from accumulated other comprehensive income into interest expense	390	(150)	240
Gain (loss) on changes in the fair value of derivative instruments	(2,020)	760	(1,260)
Balance, March 31, 2009	$ (2,790)	$ 1,050	$ (1,740)

Over the next 12 months, the Company expects to reclassify approximately $1.7 million of pre-tax deferred losses from accumulated other comprehensive income to interest expense as the related interest payments for the designated interest rate swaps are recognized.

The Company adopted SFAS No. 157, "Fair Value Measurements" with respect to financial assets and liabilities as of January 1, 2008. In accordance with FASB Staff Position No. 157-2, "Effective Date of FASB Statement No. 157," the Company deferred the application of the provisions of SFAS No. 157 for non-financial assets and liabilities until the first quarter of 2009. The adoption of SFAS No. 157 with respect to non-financial assets and liabilities did not have a material impact on the Company's

15

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

10. Derivative Instruments (Continued)

financial statements. The following table provides a summary of the fair values of assets and liabilities accounted for under SFAS No. 157 as of March 31, 2009:

Description	Frequency	Asset/ (Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(dollars in thousands)		
Interest rate swap	Recurring	$ (2,790)	$	$ (2,790)	$

11. Commitments and Contingencies

A civil suit was filed in the United States District Court for the Central District of California in December 1988 by the United States of America and the State of California against more than 180 defendants, including TriMas, for alleged release into the environment of hazardous substances disposed of at the Operating Industries, Inc. site in California. This site served for many years as a depository for municipal and industrial waste. The plaintiffs have requested, among other things, that the defendants clean up the contamination at that site. Consent decrees have been entered into by the plaintiffs and a group of the defendants, including TriMas, providing that the consenting parties perform certain remedial work at the site and reimburse the plaintiffs for certain past costs incurred by the plaintiffs at the site. The Company estimates that its share of the clean-up costs will not exceed $500,000, for which the Company has insurance proceeds. Plaintiffs had sought other relief such as damages arising out of claims for negligence, trespass, public and private nuisance, and other causes of action, but the consent decree governs the remedy. Based upon the Company's present knowledge and subject to future legal and factual developments, the Company does not believe that this matter will have a material adverse effect on its financial position, results of operations or cash flows.

As of March 31, 2009, the Company was a party to approximately 777 pending cases involving an aggregate of approximately 7,498 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of the Company's subsidiaries for use primarily in the petrochemical refining and exploration industries. The following chart summarizes the number of claimants, number of claims filed, number of claims dismissed, number of claims settled, the average settlement amount per claim and the total defense costs, exclusive of amounts reimbursed under the Company's primary insurance, at the applicable date and for the applicable periods:

	Claims pending at beginning of period	Claims filed during period	Claims dismissed during period	Claims settled during period	Average settlement amount per claim during period	Total defense costs during period
Fiscal year ended December 31, 2008	9,544	723	2,668	75	$ 1,813	$ 3,448,000
Three months ended March 31, 2009	7,524	55	80	1	$ 95,000	$ 656,600

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Commitments and Contingencies (Continued)

In addition, the Company acquired various companies to distribute our products that had distributed gaskets of other manufacturers prior to acquisition. The Company believes that many of its pending cases relate to locations at which none of its gaskets were distributed or used.

The Company may be subjected to significant additional asbestos-related claims in the future, the cost of settling cases in which product identification can be made may increase, and the Company may be subjected to further claims in respect of the former activities of its acquired gasket distributors. The Company is unable to make a meaningful statement concerning the monetary claims made in the asbestos cases given that, among other things, claims may be initially made in some jurisdictions without specifying the amount sought or by simply stating the requisite or maximum permissible monetary relief, and may be amended to alter the amount sought. The large majority of claims do not specify the amount sought. Of the 7,498 claims pending at March 31, 2009, 139 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). 106 of the 139 claims sought between $1.0 million and $5.0 million in total damages (which includes compensatory and punitive damages), 32 sought between $5.0 million and $10.0 million in total damages (which includes compensatory and punitive damages) and 1 sought over $10.0 million (which includes compensatory and punitive damages). Solely with respect to compensatory damages, 110 of the 139 claims sought between $50,000 and $600,000, 28 sought between $1.0 million and $5.0 million and 1 sought over $5.0 million. Solely with respect to punitive damages, 106 of the 139 claims sought between $0 million and $2.5 million, 32 sought between $2.5 million and $5.0 million and 1 sought over $5.0 million. In addition, relatively few of the claims have reached the discovery stage and even fewer claims have gone past the discovery stage.

Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 20 years ago, have been approximately $5.3 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 50% of the Company's costs related to settlement and defense of asbestos litigation have been covered by its primary insurance. Effective February 14, 2006, the Company entered into a coverage-in-place agreement with its first level excess carriers regarding the coverage to be provided to the Company for asbestos-related claims when the primary insurance is exhausted. The coverage-in-place agreement makes coverage available to the Company that might otherwise be disputed by the carriers and provides a methodology for the administration of asbestos litigation defense and indemnity payments. The coverage in place agreement allocates payment responsibility among the primary carrier, excess carriers and the Company's subsidiary.

Based on the settlements made to date and the number of claims dismissed or withdrawn for lack of product identification, the Company believes that the relief sought (when specified) does not bear a reasonable relationship to its potential liability. Based upon the Company's experience to date and other available information (including the availability of excess insurance), the Company does not believe that these cases will have a material adverse effect on its financial position and results of operations or cash flows.

The Company is subject to other claims and litigation in the ordinary course of business, but does not believe that any such claim or litigation will have a material adverse effect on its financial position and results of operations or cash flows.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

12. Segment Information

TriMas' reportable operating segments are business units that provide unique products and services. Each operating segment is separately managed, requires different technology and marketing strategies and has separate financial information evaluated regularly by the Company's chief operating decision maker in determining resource allocation and assessing performance. TriMas has five operating segments involved in the manufacture and sale of products described below. Within these operating segments, there are no individual products or product families for which reported revenues accounted for more than 10% of the Company's consolidated revenues.

Packaging Systems Steel and plastic closure caps, drum enclosures, rings and levers, and dispensing systems for industrial and consumer markets.

Energy Products Engines, engine replacement parts and other well site products for the oil and gas industry as well as metallic and non-metallic industrial gaskets and fasteners for the petroleum refining, petrochemical and other industrial markets.

Industrial Specialties A diverse range of industrial products for use in niche markets within the aerospace, industrial, automotive, defense, and medical equipment markets. Its products include highly engineered specialty fasteners for the aerospace industry, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, specialty fasteners for the automotive industry, spinal and trauma implant products for the medical industry, specialty precision tools such as center drills, cutters, end mills, reamers, master gears, punches, and specialty ordnance components.

RV & Trailer Products Custom-engineered trailer products including trailer couplers, winches, jacks, trailer brakes and brake control solutions, lighting accessories and roof racks for the recreational vehicle, agricultural/utility, marine, automotive and commercial trailer markets.

Recreational Accessories Towing products, functional vehicle accessories and cargo management solutions including vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch-mounted accessories, and other accessory components.

The Company's management uses Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") as a primary indicator of financial operating performance and as a measure of cash generating capability. Adjusted EBITDA is defined as net income (loss) before cumulative effect of accounting change and before interest, taxes, depreciation, amortization, non-cash asset and goodwill impairment charges and write-offs and non-cash losses on sale-leaseback of property and equipment.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

12. Segment Information (Continued)

Segment activity is as follows:

	Three months ended March 31, 2009	2008
	(dollars in thousands)	
Net Sales		
Packaging Systems	$ 30,250	$ 41,040
Energy Products	40,270	48,800
Industrial Specialties	41,740	53,470
RV & Trailer Products	35,090	50,670
Recreational Accessories	55,360	70,610
Total	$202,710	$264,590
Operating Profit		
Packaging Systems	$ 5,400	$ 8,610
Energy Products	3,520	7,910
Industrial Specialties	6,330	11,160
RV & Trailer Products	(2,190)	2,750
Recreational Accessories	(1,160)	2,630
Corporate expenses	(7,560)	(5,220)
Total	$ 4,340	$ 27,840
Adjusted EBITDA		
Packaging Systems	$ 8,640	$ 12,050
Energy Products	4,280	8,630
Industrial Specialties	7,980	12,640
RV & Trailer Products	440	4,530
Recreational Accessories	900	5,050
Corporate (expenses) income	7,630	(6,120)
Subtotal from continuing operations	29,870	36,780
Discontinued operations	(11,240)	1,080
Total company	$ 18,630	$ 37,860

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

12. Segment Information (Continued)

The following is a reconciliation of the Company's net income (loss) to Adjusted EBITDA:

	Three months ended March 31, 2009	Three months ended March 31, 2008
	(dollars in thousands)	
Net income (loss)	$ (3,680)	$ 7,870
Income tax expense (benefit)	(2,490)	4,480
Interest expense	12,530	14,760
Debt extinguishment costs	510	
Depreciation and amortization	11,760	10,750
Adjusted EBITDA, total company	$ 18,630	$ 37,860
Adjusted EBITDA, discontinued operations	(11,240)	1,080
Adjusted EBITDA, continuing operations	$ 29,870	$ 36,780

13. Equity Awards

2006 Plan

The TriMas Corporation 2006 Long Term Equity Incentive Plan (the "2006 Plan") provides for the issuance of equity-based incentives in various forms for up to an aggregate of 1,435,877 shares of the Company's common stock, of which up to 500,000 shares may be granted as incentive stock options. In general, stock options and stock appreciation rights have a fungible ratio of one-to-one (one granted option/appreciation right counts as one share against the aggregate available to issue), while other forms of equity grants, including restricted shares of common stock, have a fungible ratio of two-to-one.

During the first quarter of 2009, the Company granted 578,000 stock options to certain key employees and non-employee directors, each of which may be used to purchase one share of the Company's common stock. These stock options have a ten year life, vest ratably over three years from date of grant, have exercise prices ranging from $1.01 to $1.38 and had a weighted-average fair value at grant date of $0.47. The fair value of these options at the grant date was estimated using the Black-Scholes option pricing model using the following weighted-average assumptions: expected life of 6 years, risk-free interest rate of 2.01% and expected volatility of 40%.

Information related to stock options at March 31, 2009 is as follows:

	Number of Stock Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2009		$		
Granted	578,000	1.14		
Exercised				
Cancelled				
Outstanding at March 31, 2009	578,000	$ 1.14	9.9	$ 353,720

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

13. Equity Awards (Continued)

Prior to 2009, the Company had granted restricted shares of its common stock to certain employees. All of these restricted shares were subject to a service restriction, vesting ratably over three years so long as the employee remained with the Company. Certain of these restricted shares also contained a performance provision, where the shares would vest only if the Company attained and/or exceeded a certain EBITDA target for the years ended December 31, 2007 and 2008. All restricted shares with performance restrictions were cancelled as the Company did not meet or exceed the EBITDA targets.

Information related to restricted shares at March 31, 2009 is as follows:

	Number of Unvested Restricted Shares	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2009	160,908	$ 8.89		
Granted				
Vested				
Cancelled	(37,717)	9.31		
Outstanding at March 31, 2009	123,191	$ 8.76	1.8	$ 215,584

The Company recognized approximately $0.02 million and $0.3 million of stock-based compensation expense related to the 2006 Plan during the three months ended March 31, 2009 and 2008, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

As of March 31, 2009 and December 31, 2008, there was approximately $0.3 million and $0.7 million, respectively, of unrecognized compensation cost related to unvested restricted shares that is expected to be recorded over a weighted-average period of 1.3 years and 1.4 years, respectively. As of March 31, 2009, there was approximately $0.2 million of unrecognized compensation cost related to stock options that is expected to be recorded over a weighted-average period of 1.9 years.

2002 Plan

The TriMas Corporation 2002 Long Term Equity Incentive Plan (the "2002 Plan"), provides for the issuance of equity-based incentives in various forms, of which a total of 1,786,123 stock options have been approved for issuance under the Plan. As of March 31, 2009, the Company has 1,472,194 stock options outstanding, each of which may be used to purchase one share of the Company's common stock. The options have a 10-year life and the exercise prices range from $1.01 to $23.00. As of March 31, 2009, 785,653 stock options were exercisable under the 2002 Plan.

During the first quarter of 2009, the Company granted 552,500 stock options to certain employees, each of which may be used to purchase one share of the Company's common stock. These stock options have a ten year life, vest ratably over three years from date of grant, have exercise prices ranging from $1.01 to $1.61 and had a weighted-average fair value at grant date of $0.43. The fair value of these options at the grant date was estimated using the Black-Scholes option pricing model using the

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

13. Equity Awards (Continued)

following weighted-average assumptions: expected life of 6 years, risk-free interest rate of 2.22% and expected volatility of 40%.

Prior to 2009, the Company had granted stock options to certain employees, with the options having a ten year life and at exercise prices ranging from $20 to $23. Of these options, eighty percent vest ratably over three years from the date of grant, while the remaining twenty percent vest after seven years from the date of grant or on an accelerated basis over three years based upon achievement of specified performance targets, as defined in the 2002 Plan. The options become exercisable upon the later of: (1) the normal vesting schedule as described above, or (2) upon the occurrence of a qualified public equity offering as defined in the Plan, one half of the vested options become exercisable 180 days following such public equity offering (November 14, 2007), and the other one half of vested options become exercisable on the first anniversary following consummation of such public offering (May 14, 2008).

Information related to stock options at March 31, 2009, is as follows:

	Number of Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2009	1,596,213	$ 20.92		
Granted	552,500	1.02		
Exercised				
Cancelled	(676,519)	20.13		
Outstanding at March 31, 2009	1,472,194	$ 13.82	6.9	$ 403,450

The Company recognized approximately $20 thousand and $30 thousand of stock-based compensation expense related to the 2002 Plan during the three months ended March 31, 2009 and 2008, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

As of March 31, 2009 and December 31, 2008, there was approximately $0.3 million and $0.07 million, respectively, of unrecognized compensation cost related to stock options that is expected to be recorded over a weighted-average period of 1.8 years and 1.4 years, respectively.

The fair value of options which vested during the three months ended March 31, 2009 and 2008 was $0.1 million and $0.3 million, respectively.

14. Earnings per Share

The Company reports earnings (loss) per share in accordance with Statement of Financial Standards No. 128, "*Earnings per Share*." Basic and diluted earnings (loss) per share amounts were computed using weighted average shares outstanding for the three months ended March 31, 2009 and 2008, respectively. As of March 31, 2009 and 2008, 28,024 and 270 restricted shares were included in the computation of diluted earnings (loss) per share, respectively. Options to purchase approximately 2,050,194 and 1,779,873 shares of common stock were outstanding at March 31, 2009 and 2008,

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

14. Earnings per Share (Continued)

respectively, but were excluded from the computation of earnings per share because to do so would have been anti-dilutive for the periods presented.

15. Defined Benefit Plans

Net periodic pension and postretirement benefit costs for TriMas' defined benefit pension plans and postretirement benefit plans, covering foreign employees, union hourly employees and certain salaried employees, include the following components for the three months ended March 31, 2009 and 2008:

	Pension Benefit		Postretirement Benefit	
	Three months ended March 31,			
	2009	2008	2009	2008
	(dollars in thousands)			
Service costs	$ 130	$ 140	$	$ 20
Interest costs	390	420	30	100
Expected return on plan assets	(380)	(460)		
Amortization of prior service cost			(70)	
Amortization of net (gain)/loss	80	80	(10)	10
Net periodic benefit cost	$ 220	$ 180	$ (50)	$ 130

The Company contributed approximately $0.4 million to its defined benefit pension plans during the three months ended March 31, 2009. The Company expects to contribute approximately $1.9 million to its defined benefit pension plans for the full year 2009.

16. New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board ("FASB") issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." FSP FAS 107-1 and APB 28-1 requires fair value disclosures in both interim as well as annual financial statements in order to provide more timely information about the effects of current market conditions on financial instruments. FSP FAS 107-1 and APB 28-1 is effective for interim and annual periods ending after June 15, 2009. This new standard only affect disclosures and will have no impact on the Company's consolidated financial statements.

In December 2008, the Financial Accounting Standards Board ("FASB") issued FSP FAS 132(R)-1, "Employers' Disclosure about Postretirement Benefit Plan Assets," which amends FASB Statement 132(R) to require more detailed disclosures about employers' pension plan assets. New disclosures will include additional information on investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. This new standard will only affect disclosures and will have no impact on the Company's consolidated financial statements. This statement is effective for fiscal years ending after December 15, 2009.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133." SFAS No. 161 amends and expands

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

16. New Accounting Pronouncements (Continued)

the disclosure requirements of SFAS No. 133 to provide users of financial statements with an enhanced understanding of derivative instruments, how they are accounted for and their impact on a company's financial position and performance. The Company adopted SFAS No. 161 in the first quarter of 2009, expanding its disclosures regarding derivative instruments in Note 10 herein.

In December 2007, the Financial Accounting Standards Board issued SFAS No. 141(R), "Business Combinations," which revises the current accounting practices for business combinations. Significant changes as a result of issuance of SFAS No. 141(R) include a revised definition of a business, expensing of acquisition-related transaction costs, and a change in how acquirers measure consideration, identifiable assets, liabilities assumed and goodwill acquired in a business combination. The Company adopted SFAS No. 141(R) in the first quarter of 2009. There is no impact on the Company's current consolidated financial statements as a result of this pronouncement.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," which establishes requirements for identification, presentation and disclosure of noncontrolling interests, to and to account for such non-controlling interests as a separate component of stockholder's equity. The Company adopted SFAS No. in the first quarter of 2009. There is no impact on the Company's current consolidated financial statements as a result of this pronouncement.

17. Subsequent Events

During the second quarter of 2009, the Company acquired approximately $22.0 million face value of its Notes in open market purchase transactions for approximately $11.1 million.

18. Supplemental Guarantor Condensed Consolidating Financial Information

Under an indenture dated September 6, 2002, TriMas Corporation ("Parent"), issued 9$^{7}/_{8}$% Senior Subordinated Notes due 2012 in a total principal amount of $437.8 million (face value), of which approximately $139.8 million has subsequently been retired through March 31, 2009. These Notes are guaranteed by substantially all of the Company's domestic subsidiaries ("Guarantor Subsidiaries"). All of the Guarantor Subsidiaries are 100% owned by the Parent and their guarantee is full, unconditional, joint and several. The Company's non-domestic subsidiaries and TSPC, Inc. have not guaranteed the Notes ("Non-Guarantor Subsidiaries"). The Guarantor Subsidiaries have also guaranteed amounts outstanding under the Company's Credit Facility.

The accompanying supplemental guarantor condensed, consolidating financial information is presented using the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the Company's share in the subsidiaries' cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate primarily to the elimination of investments in subsidiaries and associated intercompany balances and transactions.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information

Supplemental Guarantor
Condensed Financial Statements
Consolidating Balance Sheet
(dollars in thousands)

	March 31, 2009				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	$	$ 350	$ 4,190	$	$ 4,540
Trade receivables, net		101,890	10,850		112,740
Receivables, intercompany			3,260	(3,260)	
Inventories		150,080	22,210		172,290
Deferred income taxes		16,260	710		16,970
Prepaid expenses and other current assets		5,110	750		5,860
Assets of discontinued operations held for sale		3,440			3,440
Total current assets		277,130	41,970	(3,260)	315,840
Investments in subsidiaries	350,900	92,070		(442,970)	
Property and equipment, net		129,220	45,980		175,200
Goodwill		157,360	43,330		200,690
Intangibles and other assets	1,640	185,380	4,010	2,600	193,630
Total assets	$ 352,540	$ 841,160	$ 135,290	$ (443,630)	$ 885,360
Liabilities and Shareholders' Equity					
Current liabilities:					
Current maturities, long-term debt	$	$ 3,090	$ 5,800	$	$ 8,890
Accounts payable, trade		83,490	14,660		98,150
Accounts payable, intercompany		3,260		(3,260)	
Accrued liabilities	8,680	56,320	6,950		71,950
Liabilities of discontinued operations		990			990
Total current liabilities	8,680	147,150	27,410	(3,260)	179,980
Long-term debt	297,400	258,380	10,500		566,280
Deferred income taxes		41,630	3,880	2,600	48,110
Other long-term liabilities		43,100	1,430		44,530
Total liabilities	306,080	490,260	43,220	(660)	838,900
Total shareholders' equity	46,460	350,900	92,070	(442,970)	46,460
Total liabilities and shareholders' equity	$ 352,540	$ 841,160	$ 135,290	$ (443,630)	$ 885,360

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

Supplemental Guarantor
Condensed Financial Statements
Consolidating Balance Sheet
(dollars in thousands)

	December 31, 2008				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	$	$ 340	$ 3,570	$	$ 3,910
Trade receivables, net		91,300	13,460		104,760
Receivables, intercompany			4,090	(4,090)	
Inventories		165,590	23,360		188,950
Deferred income taxes		16,250	720		16,970
Prepaid expenses and other current assets		6,280	1,150		7,430
Assets of discontinued operations held for sale		26,200			26,200
Total current assets		305,960	46,350	(4,090)	348,220
Investments in subsidiaries	369,410	96,240		(465,650)	
Property and equipment, net		133,150	48,420		181,570
Goodwill		157,360	44,920		202,280
Intangibles and other assets	16,020	189,140	3,930	(10,940)	198,150
Total assets	$ 385,430	$ 881,850	$ 143,620	$ (480,680)	$ 930,220
Liabilities and Shareholders' Equity					
Current liabilities:					
Current maturities, long-term debt	$	$ 4,960	$ 5,400	$	$ 10,360
Accounts payable, trade		95,240	16,570		111,810
Accounts payable, intercompany		4,090		(4,090)	
Accrued liabilities	1,390	57,320	7,630		66,340
Liabilities of discontinued operations		1,340			1,340
Total current liabilities	1,390	162,950	29,600	(4,090)	189,850
Long-term debt	329,140	258,070	12,370		599,580
Deferred income taxes		58,610	3,980	(10,940)	51,650
Other long-term liabilities		32,810	1,430		34,240
Total liabilities	330,530	512,440	47,380	(15,030)	875,320
Total shareholders' equity	54,900	369,410	96,240	(465,650)	54,900
Total liabilities and shareholders' equity	$ 385,430	$ 881,850	$ 143,620	$ (480,680)	$ 930,220

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

Supplemental Guarantor
Condensed Financial Statements
Consolidating Statement of Operations
(dollars in thousands)

	Three Months Ended March 31, 2009				
	Parent	**Guarantor**	**Non-Guarantor**	**Eliminations**	**Total**
Net sales	$	$ 168,510	$ 39,550	$ (5,350)	$ 202,710
Cost of sales		(129,940)	(32,280)	5,350	(156,870)
Gross profit		38,570	7,270		45,840
Selling, general and administrative expenses	(30)	(36,750)	(4,760)		(41,540)
Gain on dispositions of property and equipment		30	10		40
Operating profit (loss)	(30)	1,850	2,520		4,340
Other income (expense), net:					
Interest expense	(8,340)	(3,910)	(240)		(12,490)
Gain on extinguishment of debt	15,310				15,310
Other, net		(150)	(550)		(700)
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	6,940	(2,210)	1,730		6,460
Income tax (expense) benefit	(2,600)	830	(630)		(2,400)
Equity in net income (loss) of subsidiaries	(8,020)	1,100		6,920	
Income (loss) from continuing operations	(3,680)	(280)	1,100	6,920	4,060
Loss from discontinued operations		(7,740)			(7,740)
Net income (loss)	$ (3,680)	$ (8,020)	$ 1,100	$ 6,920	$ (3,680)

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

Supplemental Guarantor
Condensed Financial Statements
Consolidating Statement of Operations
(dollars in thousands)

	Three Months Ended March 31, 2008				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Net sales	$	$ 216,720	$ 59,890	$ (12,020)	$ 264,590
Cost of sales		(160,460)	(46,220)	12,020	(194,660)
Gross profit		56,260	13,670		69,930
Selling, general and administrative expenses		(35,910)	(6,090)		(42,000)