

TRIMAS CORP  
Form 10-Q  
May 06, 2009

Table of Contents

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON D.C. 20549

**FORM 10-Q**

(Mark One)

**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

**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**

(State or other jurisdiction of  
incorporation or organization)

**38-2687639**

(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  No .

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

Indicate by check mark 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):

Edgar Filing: TRIMAS CORP - Form 10-Q

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

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

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

<b><u>Forward-Looking Statements</u></b>	<u>2</u>
<b>Part I. Financial Information</b>	
<u>Item 1. Financial Statements</u>	<u>4</u>
<u>Consolidated Balance Sheet March 31, 2009 and December 31, 2008</u>	<u>4</u>
<u>Consolidated Statement of Operations for the Three Months Ended</u> <u>March 31, 2009 and 2008</u>	<u>5</u>
<u>Consolidated Statement of Cash Flows for the Three Months Ended</u> <u>March 31, 2009 and 2008</u>	<u>6</u>
<u>Consolidated Statement of Shareholders' Equity for the Three Months</u> <u>Ended March 31, 2009</u>	<u>7</u>
<u>Notes to Consolidated Financial Statements</u>	<u>8</u>
<u>Management's Discussion and Analysis of Financial Condition and Results</u> <u>of Operations</u>	<u>31</u>
<u>Item 2. Quantitative and Qualitative Disclosure about Market Risk</u>	<u>53</u>
<u>Item 3. Controls and Procedures</u>	<u>53</u>
<b>Part II. Other Information and Signatures</b>	
<u>Item 1. Legal Proceedings</u>	<u>54</u>
<u>Item 1A. Risk Factors</u>	<u>55</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>55</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>55</u>
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	<u>55</u>
<u>Item 5. Other Information</u>	<u>55</u>
<u>Item 6. Exhibits</u>	<u>56</u>
<u>Signature</u>	<u>60</u>

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;

## Edgar Filing: TRIMAS CORP - Form 10-Q

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)**

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
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
<b>Total current assets</b>	<b>315,840</b>	<b>348,220</b>
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
<b>Total assets</b>	<b>\$ 885,360</b>	<b>\$ 930,220</b>
<b>Liabilities and Shareholders' Equity</b>		
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
<b>Total current liabilities</b>	<b>179,980</b>	<b>189,850</b>
Long-term debt	566,280	599,580
Deferred income taxes	48,110	51,650
Other long-term liabilities	44,530	34,240
<b>Total liabilities</b>	<b>838,900</b>	<b>875,320</b>
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
<b>Total shareholders' equity</b>	<b>46,460</b>	<b>54,900</b>

Edgar Filing: TRIMAS CORP - Form 10-Q

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

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



## TriMas Corporation

## Consolidated Statement of Operations

(Unaudited dollars in thousands, except per share amounts)

	Three months ended March 31,	
	2009	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
<b>Earnings per share basic:</b>		
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
<b>Earnings per share diluted:</b>		
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.



**TriMas Corporation****Consolidated Statement of Cash Flows****(Unaudited dollars in thousands)**

	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
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
<b>Cash Flows from Investing Activities:</b>		
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)
<b>Cash Flows from Financing Activities:</b>		
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)
<b>Cash and Cash Equivalents:</b>		
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

Edgar Filing: TRIMAS CORP - Form 10-Q

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)**

	<b>Common Stock</b>	<b>Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total</b>
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:

	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>(dollars in thousands)</b>	
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:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2009</b>	<b>2008</b>
	<b>(dollars in thousands)</b>	
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
<b>Total assets</b>	<b>\$ 3,440</b>	<b>\$ 26,200</b>
Accounts payable	\$ 10	\$ 90
Accrued liabilities and other	980	1,250
<b>Total liabilities</b>	<b>\$ 990</b>	<b>\$ 1,340</b>

**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.

Intangible Category by Useful Life	As of March 31, 2009		As of December 31, 2008	
	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	

Edgar Filing: TRIMAS CORP - Form 10-Q

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

10

---

Table of Contents

**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 <sup>7</sup> / <sub>8</sub> % 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



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<sup>7</sup>/<sub>8</sub>% 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).

Table of Contents

**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 an 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<sup>7</sup>/<sub>8</sub>% 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:

	Balance Sheet Location	Asset Derivatives		Liability Derivatives	
		Fair value at March 31, 2009	Fair value at December 31, 2008	Fair value at March 31, 2009	Fair value at 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	After-tax
		Effect	
(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





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)	
<b>Net Sales</b>		
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
<b>Total</b>	<b>\$ 202,710</b>	<b>\$ 264,590</b>
<b>Operating Profit</b>		
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)
<b>Total</b>	<b>\$ 4,340</b>	<b>\$ 27,840</b>
<b>Adjusted EBITDA</b>		
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)
<b>Subtotal from continuing operations</b>	<b>29,870</b>	<b>36,780</b>
Discontinued operations	(11,240)	1,080
<b>Total company</b>	<b>\$ 18,630</b>	<b>\$ 37,860</b>

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	2008
	(dollars in thousands)	
<b>Net income (loss)</b>	\$ (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
<b>Adjusted EBITDA, total company</b>	\$ 18,630	\$ 37,860
Adjusted EBITDA, discontinued operations	(11,240)	1,080
<b>Adjusted EBITDA, continuing operations</b>	\$ 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



Table of Contents**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:

	<b>Pension Benefit</b>		<b>Postretirement Benefit</b>	
	<b>Three months ended March 31,</b>			
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>(dollars in thousands)</b>			
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

Table of Contents

**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<sup>7</sup>/<sub>8</sub>% 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				Consolidated
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
<b>Assets</b>					
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
<b>Liabilities and Shareholders' Equity</b>					
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				Consolidated Total
	Parent	Guarantor	Non-Guarantor	Eliminations	
<b>Assets</b>					
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
<b>Liabilities and Shareholders' Equity</b>					
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



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 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)



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 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)
Gain (loss) on dispositions of property and equipment		(150)	60		(90)
Operating profit		20,200	7,640		27,840
Other income (expense), net:					
Interest expense	(8,750)	(5,520)	(440)		(14,710)
Other, net		630	(1,820)		(1,190)
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	(8,750)	15,310	5,380		11,940
Income tax (expense) benefit	3,070	(5,680)	(1,720)		(4,330)
Equity in net income (loss) of subsidiaries	13,550	3,660		(17,210)	
Income (loss) from continuing operations	7,870	13,290	3,660	(17,210)	7,610
Income from discontinued operations		260			260
Net income (loss)	\$ 7,870	\$ 13,550	\$ 3,660	\$ (17,210)	\$ 7,870

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 Statement of Cash Flows  
(dollars in thousands)**

	Three Months Ended March 31, 2009				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>					
Net cash provided by (used for) operating activities	\$	\$ (1,710)	\$ 3,510	\$	\$ 1,800
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures		(2,930)	(350)		(3,280)
Net proceeds from disposition of businesses and other assets		20,640	40		20,680
Net cash provided by (used for) investing activities		17,710	(310)		17,400
<b>Cash Flows from Financing Activities:</b>					
Repayments of borrowings on term loan facilities		(650)	(120)		(770)
Proceeds from borrowings on revolving credit facilities		272,900			272,900
Repayments of borrowings on revolving credit facilities		(273,800)	(880)		(274,680)
Retirement of senior subordinated notes	(16,020)				(16,020)
Intercompany transfers (to) from subsidiaries	16,020	(14,440)	(1,580)		
Net cash used for financing activities		(15,990)	(2,580)		(18,570)
<b>Cash and Cash Equivalents:</b>					
Increase for the period		10	620		630
At beginning of period		340	3,570		3,910
At end of period	\$	\$ 350	\$ 4,190	\$	\$ 4,540

## 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 Cash Flows  
(dollars in thousands)**

	Three Months Ended March 31, 2008				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>					
Net cash provided by operating activities		\$ 8,020	\$ 1,670	\$	\$ 9,690
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures		(4,780)	(1,410)		(6,190)
Acquisition of businesses, net of cash acquired			(2,400)		(2,400)
Net cash used for investing activities		(4,780)	(3,810)		(8,590)
<b>Cash Flows from Financing Activities:</b>					
Repayments of borrowings on senior credit facilities		(650)	(1,430)		(2,080)
Proceeds from borrowings on revolving credit facilities		152,980	3,600		156,580
Repayments of borrowings on revolving credit facilities		(153,600)	(1,290)		(154,890)
Retirement of senior subordinated notes					
Intercompany transfers (to) from subsidiaries		(2,190)	2,190		
Net cash provided by (used for) financing activities		(3,460)	3,070		(390)
<b>Cash and Cash Equivalents:</b>					
Increase (decrease) for the period		(220)	930		710
At beginning of period		550	4,250		4,800
At end of period	\$	\$ 330	\$ 5,180	\$	\$ 5,510

Table of Contents

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition contains forward-looking statements regarding industry outlook and our expectations regarding the performance of our business. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under the heading "Forward Looking Statements," at the beginning of this report. Our actual results may differ materially from those contained in or implied by any forward-looking statements. You should read the following discussion together with the Company's reports on file with the Securities and Exchange Commission.*

**Introduction**

We are an industrial manufacturer and distributor of highly engineered products serving focused markets in a diverse range of commercial, industrial and consumer applications. We have five reportable segments: Packaging Systems, Energy Products, Industrial Specialties, RV & Trailer Products and Recreational Accessories. In reviewing our financial results, consideration should be given to certain critical events, particularly our acquisitions and consolidation, integration and restructuring efforts in several of our business operations.

**Key Factors and Risks Affecting our Reported Results.** Our businesses and results of operations depend upon general economic conditions and we serve some customers in cyclical industries that are highly competitive and themselves adversely impacted by unfavorable economic conditions. During the fourth quarter of 2008, worldwide credit markets and global economic conditions deteriorated significantly, resulting in declines in demand for the Company's products and services. These conditions have persisted during the first three months of 2009, resulting in reductions in sales and earnings from comparable prior periods across all of the Company's reportable segments. We expect that revenue and earnings will continue to trend below historical levels until the current unfavorable economic conditions improve.

Critical factors affecting our ability to succeed include: our ability to successfully pursue organic growth through product development, cross-selling and extending product-line offerings, and our ability to quickly and cost-effectively introduce new products; our ability to acquire and integrate companies or products that will supplement existing product lines, add new distribution channels, expand our geographic coverage or enable us to better absorb overhead costs; our ability to manage our cost structure more efficiently through improved supply base management, internal sourcing and/or purchasing of materials, selective outsourcing and/or purchasing of support functions, working capital management, and greater leverage of our administrative and overhead functions. If we are unable to do any of the foregoing successfully, our financial condition and results of operations could be materially and adversely impacted.

There is some seasonality in the businesses within our Recreational Accessories and RV & Trailer Products operating segments, where sales of towing and trailering products are generally stronger in the second and third quarters, as trailer original equipment manufacturers ("OEMs"), distributors and retailers acquire product for the spring and summer selling seasons. No other reportable segment experiences significant seasonal fluctuation in its businesses. We do not consider sales order backlog to be a material factor in our business. A growing portion of our sales may be derived from international sources, which exposes us to certain risks, including currency risks.

The demand for some of our products, particularly in the Recreational Accessories and RV & Trailer Products segments, is heavily influenced by consumer sentiment. We experienced decreases in sales and earnings in 2008 as a result of an uncertain credit market and interest rate environment and rising energy costs, among other things. Sales and earnings have declined further as a result of the worsening of the global economic conditions in the first quarter of 2009. We expect the current end market conditions in the RV & Trailer Products and Recreational Accessories segments will continue to

Table of Contents

remain weak and/or decline until the U.S. economy recovers from existing recessionary forces, employment levels increase and consumer credit availability improves, thereby increasing consumer discretionary spending.

We are sensitive to price movements in our raw materials supply base. Our largest material purchases are for steel, copper, aluminum, polyethylene and other resins and energy. Historically, we have experienced increasing costs of steel and resin and have worked with our suppliers to manage cost pressures and disruptions in supply. We have also initiated pricing programs to pass increased steel, copper, aluminum and resin costs to customers. Although we may experience delays in our ability to implement price increases, we generally are able to recover such increased costs. Although there have been no significant disruptions in the supply of steel since 2005, we may experience disruptions in supply in the future and we may not be able to pass along higher costs associated with such disruptions to our customers in the form of price increases. We will continue to take actions as necessary to manage risks associated with increasing steel or other raw material costs. However, such increased costs may adversely impact our earnings.

We report shipping and handling expenses associated with Recreational Accessories' sales distribution network as an element of selling, general and administrative expenses in our consolidated statement of operations. As such, gross margins for the Recreational Accessories segment may not be comparable to other companies which include all costs related to their distribution network in cost of sales.

We have substantial debt, interest and lease payment requirements that may restrict our future operations and impair our ability to meet our obligations and, in a rising interest rate environment, our performance may be adversely affected by our degree of leverage.

***Recent Consolidation, Integration and Restructuring Activities.*** During the past several years, we have undertaken significant consolidation, integration and other cost-savings programs to enhance our efficiency and achieve cost reduction opportunities which exist in our businesses. In addition to major consolidation projects, there have also been a series of ongoing initiatives to eliminate duplicative and excess manufacturing and distribution facilities, sales forces, and back office and other support functions in order to continue to optimize our cost structure in response to competitor actions and market conditions.

In the fourth quarter of 2008, in response to the deteriorating recent economic conditions, we accelerated our Profit Improvement Plan, which included further consolidation of distribution and manufacturing activities, continued integration of certain business activities, movement of production to lower-cost environments and expansion of strategic sourcing initiatives. We have also implemented reductions in salaried headcount and in fixed and variable spending to better align the fixed cost structure of these operating segments with the reality of our current market environment and to maintain or improve operating margins. We have implemented commercial actions to protect and gain market share through continued introduction of new and innovative products and by providing superior delivery and service to our customers. Further, we also have pricing initiatives in place to recover inflationary cost increases and we are continuing actions to leverage our businesses' strong brand names.

The key element of our Profit Improvement Plan implemented in the first quarter of 2009 was announcing and starting the process to close the Mosinee, WI manufacturing facility, included in our RV & Trailer Products segment, by September 30, 2009. In connection with this planned closure, we will move production and distribution functions currently in Mosinee to lower-cost manufacturing facilities or to third-party sourcing partners.

The aggregate costs of our consolidation, integration and restructuring actions for the three months ended March 31, 2009 and 2008 were \$3.9 million and \$0.7 million, respectively.

Table of Contents

**Key Indicators of Performance.** In evaluating our business, our management considers Adjusted EBITDA as a key indicator of financial operating performance and as a measure of cash generating capability. We define Adjusted EBITDA as net income (loss) before cumulative effect of accounting change, 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. In evaluating Adjusted EBITDA, our management deems it important to consider the quality of our underlying earnings by separately identifying certain costs undertaken to improve our results, such as costs related to consolidating facilities and businesses in an effort to eliminate duplicative costs or achieve efficiencies, costs related to integrating acquisitions and restructuring costs related to expense reduction efforts. Although we may undertake new consolidation, restructuring and integration efforts in the future as a result of our acquisition activity, our management separately considers these costs in evaluating underlying business performance. Caution must be exercised in considering these items as they include substantially (but not necessarily entirely) cash costs and there can be no assurance that we will ultimately realize the benefits of these efforts. Moreover, even if the anticipated benefits are realized, they may be offset by other business performance or general economic issues.

Management believes that consideration of Adjusted EBITDA together with a careful review of our results reported under GAAP is the best way to analyze our ability to service and/or incur indebtedness, as we are a highly leveraged company. We use Adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period and company to company by excluding potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and the impact of purchase accounting and FASB Statement of Financial Accounting Standards No. 142 (SFAS No. 142), "*Goodwill and Other Intangible Assets*" (affecting depreciation and amortization expense). Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA for business planning purposes, to incent and compensate our management personnel, in measuring our performance relative to that of our competitors and in evaluating acquisition opportunities.

In addition, we believe Adjusted EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies and other interested parties as a measure of financial performance and debt-service capabilities. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

it does not reflect our cash expenditures for capital equipment or other contractual commitments;

although depreciation, amortization and asset impairment charges and write-offs are non-cash charges, the assets being depreciated, amortized or written off may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements;

it does not reflect changes in, or cash requirements for, our working capital needs;

it does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;

it does not reflect certain tax payments that may represent a reduction in cash available to us;

it includes amounts resulting from matters we consider not to be indicative of underlying performance of our fundamental business operations, as discussed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*;" and

## Edgar Filing: TRIMAS CORP - Form 10-Q

### Table of Contents

other companies, including companies in our industry, may calculate these measures differently and as the number of differences in the way two different companies calculate these measures increases, the degree of their usefulness as a comparative measure correspondingly decreases.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our Company. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally. We carefully review our operating profit margins (operating profit as a percentage of net sales) at a segment level, which are discussed in detail in our year-to-year comparison of operating results.

The following is a reconciliation of our net income (loss) to Adjusted EBITDA and cash flows from operating activities for the three months ended March 31, 2009 and 2008:

	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>(dollars in thousands)</b>	
<b>Net income (loss)</b>	\$ (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
<b>Adjusted EBITDA, total company</b>	<b>\$ 18,630</b>	<b>\$ 37,860</b>
Interest paid	(4,770)	(5,930)
Taxes paid	(2,440)	(2,390)
(Gain) loss on dispositions of property and equipment	(50)	110
Gain on extinguishment of debt	(15,820)	
Receivables sales and securitization, net	(6,130)	18,830
Net change in working capital	12,380	(38,790)
<b>Cash flows provided by operating activities</b>	<b>\$ 1,800</b>	<b>\$ 9,690</b>

The following details certain items relating to our consolidation, restructuring and integration efforts that are included in the determination of net income (loss) under GAAP and are not added back to net income in determining Adjusted EBITDA, but that we would consider in evaluating the quality of our Adjusted EBITDA:

	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>(dollars in thousands)</b>	
Facility and business consolidation costs(a)	\$ 40	\$ 720
Business unit restructuring costs(b)	3,820	
	<b>\$ 3,860</b>	<b>\$ 720</b>

- 
- (a) Includes employee training, severance and relocation costs, equipment move and plant rearrangement costs associated with facility and business consolidations.
- (b) Principally employee severance costs associated with business unit restructuring and other cost reduction activities.





Edgar Filing: TRIMAS CORP - Form 10-Q

Table of Contents

**Segment Information and Supplemental Analysis**

The following table summarizes financial information for our five current operating segments for the three months ended March 31, 2009 and 2008:

	<b>Three Months Ended March 31,</b>			
	<b>2009</b>	<b>As a Percentage of Net Sales</b>	<b>2008</b>	<b>As a Percentage of Net Sales</b>
	<b>(dollars in thousands)</b>			
<b>Net Sales:</b>				
Packaging Systems	\$ 30,250	14.9%	\$ 41,040	15.5%
Energy Products	40,270	19.9%	48,800	18.4%
Industrial Specialties	41,740	20.6%	53,470	20.2%
RV & Trailer Products	35,090	17.3%	50,670	19.2%
Recreational Accessories	55,360	27.3%	70,610	26.7%
<b>Total</b>	<b>\$ 202,710</b>	<b>100.0%</b>	<b>\$ 264,590</b>	<b>100.0%</b>
<b>Gross Profit:</b>				
Packaging Systems	\$ 10,090	33.4%	\$ 13,960	34.0%
Energy Products	9,970	24.8%	14,530	29.8%
Industrial Specialties	10,680	25.6%	15,840	29.6%
RV & Trailer Products	4,400	12.5%	9,070	17.9%
Recreational Accessories	10,700	19.3%	16,530	23.4%
<b>Total</b>	<b>\$ 45,840</b>	<b>22.6%</b>	<b>\$ 69,930</b>	<b>26.4%</b>
<b>Selling, General and Administrative:</b>				
Packaging Systems	\$ 4,750	15.7%	\$ 5,400	13.2%
Energy Products	6,440	16.0%	6,610	13.5%
Industrial Specialties	4,340	10.4%	4,670	8.7%
RV & Trailer Products	6,580	18.8%	6,300	12.4%
Recreational Accessories	11,870	21.4%	13,800	19.5%
Corporate expenses	7,560	N/A	5,220	N/A
<b>Total</b>	<b>\$ 41,540</b>	<b>20.5%</b>	<b>\$ 42,000</b>	<b>15.9%</b>
<b>Operating Profit:</b>				
Packaging Systems	\$ 5,400	17.9%	\$ 8,610	21.0%
Energy Products	3,520	8.7%	7,910	16.2%
Industrial Specialties	6,330	15.2%	11,160	20.9%
RV & Trailer Products	(2,190)	-6.2%	2,750	5.4%
Recreational Accessories	(1,160)	-2.1%	2,630	3.7%
Corporate expenses	(7,560)	N/A	(5,220)	N/A
<b>Total</b>	<b>\$ 4,340</b>	<b>2.1%</b>	<b>\$ 27,840</b>	<b>10.5%</b>
<b>Adjusted EBITDA:</b>				
Packaging Systems	\$ 8,640	28.6%	\$ 12,050	29.4%
Energy Products	4,280	10.6%	8,630	17.7%
Industrial Specialties	7,980	19.1%	12,640	23.6%
RV & Trailer Products	440	1.3%	4,530	8.9%
Recreational Accessories	900	1.6%	5,050	7.2%
Corporate (expenses) income	7,630	N/A	(6,120)	N/A
<b>Subtotal from continuing operations</b>	<b>29,870</b>	<b>14.7%</b>	<b>36,780</b>	<b>13.9%</b>

Edgar Filing: TRIMAS CORP - Form 10-Q

Discontinued operations	(11,240)	N/A	1,080	N/A
Total company	\$ 18,630	9.2%	\$ 37,860	14.3%

35

---

Table of Contents

*Results of Operations*

The principal factors impacting us during the three months ended March 31, 2009 compared with the three months ended March 31, 2008, were:

the impact of the current global economic recession, resulting in decreased net sales and earnings across all of our operating segments;

costs incurred related to our Profit Improvement Plan, primarily in our RV & Trailer Products segment;

compression of gross profit margins due to sales of higher-cost inventory;

increases in the value of the U.S. dollar as compared to the currencies in other countries where we operate;

**Three Months Ended March 31, 2009 Compared with Three Months Ended March 31, 2008**

Overall, net sales decreased \$61.9 million, or approximately 23.4%, for the three months ended March 31, 2009, as compared with the three months ended March 31, 2008. Net sales were unfavorably impacted by approximately \$7.1 million as a result of currency exchange, as our reported results in U.S. dollars were negatively impacted by weaker foreign currencies. Packaging Systems' net sales decreased \$10.8 million, or approximately 26.3%, primarily as a result of decreases in sales of our ring, lever and closure products and unfavorable currency exchange. Net sales within Energy Products decreased \$8.5 million, or 17.5%, primarily as a result of reduced demand for our specialty gaskets due to lower levels of turn-around activity in petrochemical refineries and reduced sales of engine and related components due to lower drilling activity and deferred completion of previously drilled wells. Net sales within Industrial Specialties decreased \$11.8 million, or approximately 21.9%, due to the impact of the economic recession on the majority of our businesses in this segment. Net sales within RV & Trailer Products decreased \$15.6 million, or approximately 30.7%, as this segment experienced reduced sales across all market channels, due to declining end market demand resulting from the economic slowdown. Recreational Accessories' net sales decreased \$15.2 million, or approximately 21.6%, primarily as a result of continued soft demand in our installer and distributor customer groups, which were partially offset by increases in retail sales as a result of new customers and significant additional products sold at a current customer.

Gross profit margin (gross profit as a percentage of sales) approximated 22.6% and 26.4% for the three months ended March 31, 2009 and 2008, respectively. Packaging Systems' gross profit margin decreased to 33.4% for the three months ended March 31, 2009, from 34.0% for the three months ended March 31, 2008, primarily due to the reduction in sales volumes and unfavorable currency exchange. Energy Products' gross profit margin decreased to 24.8% for the three months ended March 31, 2009, from 29.8% for the three months ended March 31, 2008, due to lower sales volumes, higher commodity and sourced component costs and lower absorption of fixed costs. Gross profit margin within Industrial Specialties decreased to 25.6% for the three months ended March 31, 2009, from 29.6% in the three months ended March 31, 2008, due principally to lower sales volumes, sales of higher-cost inventory and lower absorption of fixed costs. RV & Trailer Products' gross profit margin decreased to 12.5% for the three months ended March 31, 2009, from 17.9% for the three months ended March 31, 2008, due to lower sales volumes, sales of higher-cost inventory, lower absorption of fixed costs and costs incurred in connection with the planned closure of the Mosinee, WI facility. Recreational Accessories' gross profit margin decreased to 19.3% for the three months ended March 31, 2009, from 23.4% for the three months ended March 31, 2008, primarily due to lower sales volumes and sales of higher-cost inventory.

Operating profit margin (operating profit as a percentage of sales) approximated 2.1% and 10.5% for the three months ended March 31, 2009 and 2008, respectively. Operating profit decreased

Table of Contents

\$23.4 million, or 84.4%, to \$4.3 million for the three months ended March 31, 2009, from \$27.8 million for the three months ended March 31, 2008. Packaging Systems' operating profit margin was 17.9% and 21.0% in the three months ended March 31, 2009 and 2008, respectively. Operating profit decreased \$3.2 million, or approximately 37.3%, for the three months ended March 31, 2009, as compared with the three months ended March 31, 2008, due to the lower sales volumes and unfavorable currency exchange, which were partially offset by lower selling, general and administrative expenses in response to the lower sales volumes. Energy Products' operating profit margin was 8.7% and 16.2% for the three months ended March 31, 2009 and 2008, respectively. Operating profit decreased \$4.4 million, or approximately 55.5%, for the three months ended March 31, 2009, as compared with the three months ended March 31, 2008, due primarily to lower sales levels in our both our specialty gasket and engine businesses. Industrial Specialties' operating profit margin was 15.2% and 20.9% for the three months ended March 31, 2009 and 2008, respectively. Operating profit decreased \$4.8 million, or approximately 43.3%, for the three months ended March 31, 2009, as compared with the three months ended March 31, 2008, due primarily to lower sales volumes, sales of higher-cost inventory and lower absorption of fixed costs, which were partially offset by reduced discretionary spending in selling, general and administrative expenses in light of the reduced sales volumes. RV & Trailer Products' operating profit (loss) margin declined to (6.2%) for the quarter ended March 31, 2009, from 5.4% for the quarter ended March 31, 2008. Operating profit decreased \$4.9 million in the three months ended March 31, 2009, as compared with the three months ended March 31, 2008, due primarily to lower sales volumes, unfavorable currency exchange and costs incurred in connection with the closure of the Mosinee, WI facility. Recreational Accessories' operating profit margin was (2.1%) and 3.7% in the three months ended March 31, 2009 and 2008, respectively. Operating profit decreased \$3.8 million in the three months ended March 31, 2009, compared with the three months ended March 31, 2008, primarily due to the lower sales volumes and sales of higher-cost inventory, which were partially offset by cost savings realized in connection with our Profit Improvement Plan.

Adjusted EBITDA margin (Adjusted EBITDA as a percentage of sales) approximated 14.7% and 13.9% for the three months ended March 31, 2009 and 2008, respectively. Adjusted EBITDA decreased \$7.0 million for the three months ended March 31, 2009, as compared to the three months ended March 31, 2008. After consideration of the \$15.8 million gross gain on extinguishment of debt, the change in Adjusted EBITDA is consistent with the change in operating profit between years.

**Packaging Systems.** Net sales decreased approximately \$10.8 million, or 26.3%, to \$30.2 million in the three months ended March 31, 2009, as compared to \$41.0 million in the three months ended March 31, 2008. Overall, sales decreased approximately \$2.9 million due to currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the stronger U.S. dollar relative to foreign currencies. Sales of our specialty dispensing products and new product introductions increased by approximately \$1.9 million in the three months ended March 31, 2009 compared to the three months ended March 31, 2008, due primarily to increased sales into the pharmaceutical, personal care and food industries. Sales of our industrial closures, rings and levers decreased by approximately \$9.8 million in the three months ended March 31, 2009 compared to the three months ended March 31, 2008, primarily as a result of the general economic slowdown.

Packaging Systems' gross profit decreased approximately \$3.9 million to \$10.1 million, or 33.4% of sales, in the three months ended March 31, 2009, as compared to \$14.0 million, or 34.0% of sales, in the three months ended March 31, 2008. The decrease in gross profit between years is primarily attributed to lower sales volumes of our industrial products and unfavorable currency exchange.

Packaging Systems' selling, general and administrative expenses decreased \$0.7 million to \$4.7 million, or 15.7% of sales, in the three months ended March 31, 2009, as compared to \$5.4 million, or 13.2% of sales, in the three months ended March 31, 2008. Selling, and general and administrative cost reductions plans have been implemented to better align our fixed cost structure with current business requirements resulting from the general economic decline.

Table of Contents

Packaging Systems' operating profit decreased \$3.2 million to \$5.4 million, or 17.9% of sales, in the three months ended March 31, 2009, as compared to \$8.6 million, or 21.0% of sales, in three months ended March 31, 2008. The decrease in operating profit between years is primarily attributed to lower sales volumes of our industrial products and unfavorable currency exchange, which were partially offset by reduced selling, general and administrative costs associated with our cost reduction plans.

Packaging Systems' Adjusted EBITDA decreased \$3.4 million to \$8.6 million, or 28.6% of sales, in the three months ended March 31, 2009, as compared to \$12.0 million, or 29.4% of sales, in the three months ended March 31, 2008, consistent with the change in operating profit between years.

**Energy Products.** Net sales for the three months ended March 31, 2009 decreased \$8.5 million, or 17.5%, to \$40.3 million, as compared to \$48.8 million in the three months ended March 31, 2008. Sales of specialty gaskets and related fastening hardware decreased approximately \$4.7 million as a result of reduced levels of turn-around activity at petrochemical refineries and decreased sales demand from the chemical industry, as customers are deferring maintenance and new programs that require our replacement and specialty gaskets and hardware. Sales of slow speed and compressor engines and related products decreased by approximately \$3.8 million, due to a reduction of drilling activity in North America and customers deferring completion of previously drilled wells.

Gross profit within Energy Products decreased \$4.5 million to \$10.0 million, or 24.8% of sales, in the three months ended March 31, 2009, as compared to \$14.5 million, or 29.8% of sales, in the three months ended March 31, 2008. Gross profit decreased approximately \$2.5 million as a result of the reduction in sales levels between years. In addition, gross profit decreased as a result of higher commodity and sourced component costs in 2009 than in 2008 and lower absorption of fixed costs as a result of the lower sales volumes.

Selling, general and administrative expenses within Energy Products decreased \$0.2 million to \$6.4 million, or 16.0% of net sales, in the three months ended March 31, 2009, as compared to \$6.6 million, or 13.5% of net sales, in the three months ended March 31, 2008. This decrease was primarily due to reduced sales commissions and reductions in discretionary spending, in an effort to keep spending in line with the reduced sales volumes.

Overall, operating profit within Energy Products decreased \$4.4 million to \$3.5 million, or 8.7% of sales, in the three months ended March 31, 2009, as compared to \$7.9 million, or 16.2% of sales, in the three months ended March 31, 2008, due principally to lower sales volumes, sales of higher-cost inventory and lower absorption of fixed costs, which were partially offset by reductions in discretionary spending in light of the lower sales volumes.

Energy Products' Adjusted EBITDA decreased \$4.3 million to \$4.3 million, or 10.6% of sales, in the three months ended March 31, 2009, as compared to \$8.6 million, or 17.7% of sales, in the three months ended March 31, 2008, consistent with the decrease in operating profit between years.

**Industrial Specialties.** Net sales for the three months ended March 31, 2009 decreased \$11.8 million, or 21.9%, to \$41.7 million, as compared to \$53.5 million in the three months ended March 31, 2008. Sales in our defense business doubled in the first quarter of 2009 as compared to the first quarter of 2008, primarily due to revenue associated with managing the relocation and closure of the defense facility. Sales in our aerospace business remained approximately flat, as we continued to benefit from market share gains and increased content on the aircraft in spite of reduced market demand and deferral of orders by certain customers in light of the current economic environment. Sales in our industrial cylinder and precision cutting tools businesses decreased by 42% and 26%, respectively, due primarily to the current economic downturn, which has significantly impacted industrial companies. Sales within our specialty fittings business declined approximately 46% in the first three months of 2009 as compared to the first three months of 2008 due to further weak domestic

Table of Contents

automotive market demand. Finally, sales in our medical device business decreased approximately 65% due to certain contract manufacturing awards that did not recur in the first quarter of 2009.

Gross profit within Industrial Specialties decreased \$5.2 million to \$10.7 million, or 25.6% of sales, in the three months ended March 31, 2009, from \$15.8 million, or 29.6% of sales, in the three months ended March 31, 2008. Gross profit decreased approximately \$3.5 million as a result of the decline in sales levels between years. This decrease in gross profit was also impacted by sales of higher-cost inventory, primarily related to steel, in excess of the businesses' ability to secure price increases and lower absorption of fixed costs as a result of lower production and/or sales levels.

Selling, general and administrative expenses decreased \$0.4 million to \$4.3 million, or 10.4% of sales, in the three months ended March 31, 2009, as compared to \$4.7 million, or 8.7% of sales, in the three months ended March 31, 2008 due primarily to reduced discretionary spending in light of the decrease in sales levels between years.

Operating profit within Industrial Specialties' decreased \$4.9 million to \$6.3 million, or 15.2% of sales, in the three months ended March 31, 2009, as compared to \$11.2 million, or 20.9% of sales, in the three months ended March 31, 2008, primarily due lower sales volumes, sales of higher-cost inventory and lower absorption of fixed costs, which were partially offset by reduced selling, general and administrative expenses.

Industrial Specialties' Adjusted EBITDA decreased \$4.6 million to \$8.0 million, or 19.1% of sales, in the three months ended March 31, 2009, as compared to \$12.6 million, or 23.6% of sales, in the three months ended March 31, 2008, consistent with the decrease in operating profit between years.

**RV & Trailer Products.** Net sales decreased \$15.6 million to \$35.1 million in the three months ended March 31, 2009, as compared to \$50.7 million in the three months ended March 31, 2008. Net sales were unfavorably impacted by approximately \$3.8 million of currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of a weaker Australian dollar. Our North American sales decreased approximately \$9 million from prior year levels due to the continued soft demand in the majority of the end markets we serve due to the current uncertain economic conditions. Sales in our Australian business also decreased as customers reduced their inventory carrying levels in response to softer end market demand and overall economic uncertainty.

RV & Trailer Products' gross profit decreased \$4.7 million to \$4.4 million, or 12.5% of sales, in the three months ended March 31, 2009, from approximately \$9.1 million, or 17.9% of sales, in the three months ended March 31, 2008. Of the decline in gross profit between years, approximately \$2.8 million is attributed to the decline in sales between periods and \$0.7 million is attributed to unfavorable currency exchange. The remaining decrease in gross profit was due to sales of higher-cost inventory in excess of the businesses' ability to secure price increases, lower absorption of fixed costs as a result of lower production and/or sales levels and accelerated depreciation expense related to machinery and equipment in our Mosinee, WI manufacturing facility that will no longer be utilized following the closure of the facility in September 2009.

Selling, general and administrative expenses increased \$0.3 million to \$6.6 million, or 18.8% of sales, in the three months ended March 31, 2009, as compared to \$6.3 million, or 12.4% of sales, in the three months ended March 31, 2008, due primarily to severance charges of approximately \$1.6 million associated with the involuntary termination of employees located at our Mosinee, WI manufacturing facility which will be closed by September 2009. This increase was mostly offset by reductions in salaries, sales promotions, sales commissions and other discretionary spending, all as a part of our Profit Improvement Plan.

RV & Trailer Products' operating profit (loss) declined \$4.9 million, to approximately (\$2.2) million, or (6.2%) of sales, in the three months ended March 31, 2009, from \$2.8 million, or 5.4% of net sales, in the three months ended March 31, 2008. The decline in operating profit between years was

Table of Contents

primarily due to lower sales volumes, unfavorable foreign currency exchange, sales of higher-cost inventory, lower absorption of fixed costs and costs associated with the closure of the Mosinee, WI manufacturing facility, which were partially offset by cost reductions as part of the Profit Improvement Plan.

RV & Trailer Products' Adjusted EBITDA decreased \$4.1 million to \$0.4 million, or 1.3% of sales, for the three months ended March 31, 2009, from \$4.5 million, or 8.9% of sales, for the three months ended March 31, 2008. In the three months ended March 31, 2009, RV & Trailer Products recognized approximately \$0.2 million of gains on transactions denominated in foreign currencies, as compared to approximately \$0.2 million of losses on transactions denominated in foreign currencies in the three months ended March 31, 2008. After consideration of these changes in foreign currency gains and losses and the \$0.5 million accelerated depreciation incurred in the first quarter of 2009 in connection with certain machinery and equipment that will no longer be utilized following the closure of the Mosinee facility, the change in Adjusted EBITDA is consistent with the decline in operating profit between years.

**Recreational Accessories.** Net sales decreased \$15.2 million to \$55.4 million in the three months ended March 31, 2009, as compared to \$70.6 million in the three months ended March 31, 2008. This decrease is primarily due to an approximate \$15.5 million decline in sales across the majority of the U.S. market channels, most notably in the recreational vehicle wholesale/distributor channel, due primarily to the uncertain economic conditions and reduced discretionary spending. Sales within our retail business increased \$0.3 million between years, primarily as a result of a one-time inventory pipeline fill for new products sold to a significant customer and several new customers gained in the first quarter of 2009, which were partially offset by reduced sales volumes to other existing customers due to the economic uncertainty.

Recreational Accessories' gross profit decreased \$5.8 million to \$10.7 million, or 19.3% of sales, in the three months ended March 31, 2009, from approximately \$16.5 million, or 23.4% of sales, in the three months ended March 31, 2008. Of the decline in gross profit between years, approximately \$3.6 million was attributed to the decline in sales between periods. The remaining decrease in gross profit was due to sales of higher-cost inventory in excess of the businesses' ability to secure price increases.

Recreational Accessories' selling, general and administrative expenses decreased \$1.9 million to \$11.9 million, or 21.4% of sales, in the three months ended March 31, 2009, as compared to \$13.8 million, or 19.5% of sales, in the three months ended March 31, 2008. The decrease in selling, general and administrative expenses is due to further reductions in salaries, selling and distribution expenses in our towing business in connection with our Profit Improvement Plan.

Recreational Accessories' operating profit decreased \$3.8 million to an operating loss of approximately \$1.2 million, or (2.1%) of sales, in the three months ended March 31, 2009, from an operating profit of \$2.6 million, or 3.7% of sales, in the three months ended March 31, 2008. The decrease in operating profit between years was primarily the result of the lower sales volumes and sales of higher-cost inventory, which were partially offset by cost savings realized associated with our Performance Improvement Plan.

Recreational Accessories' Adjusted EBITDA decreased \$4.1 million to \$0.9 million, or 1.6% of sales, for the three months ended March 31, 2009, from \$5.0 million, or 7.2% of sales, for the three months ended March 31, 2008, consistent with the decrease in operating profit between years.

## Edgar Filing: TRIMAS CORP - Form 10-Q

### Table of Contents

**Corporate Expenses.** Corporate expenses and management fees included in operating profit (loss) and Adjusted EBITDA consist of the following:

	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>(in millions)</b>	
Corporate operating expenses	\$ 2.9	\$ 2.9
Employee costs and related benefits	4.7	2.3
Corporate expenses operating profit	\$ 7.6	\$ 5.2
Receivables sales and securitization expenses	0.8	1.0
Gain on extinguishment of debt	(15.8)	
Other, net	(0.2)	(0.1)
Corporate expenses (income) Adjusted EBITDA	\$ (7.6)	\$ 6.1

Corporate expenses increased approximately \$2.4 million to \$7.6 million for the three months ended March 31, 2009, from \$5.2 million for the three months ended March 31, 2008. The increase between years is primarily attributed to the severance arrangement associated with the termination of our former chief executive officer in January 2009. In addition, during the first quarter of 2009, we retired approximately \$31.8 million face value of our senior subordinated notes, resulting in a net gain of approximately \$15.3 million after considering non-cash debt extinguishment costs of \$0.5 million.

**Interest Expense.** Interest expense decreased approximately \$2.2 million, to \$12.5 million, for the three months ended March 31, 2009, as compared to \$14.7 million for the three months ended March 31, 2008. The decrease in interest expense is primarily the result of a decrease in our effective weighted average interest rate on variable rate U.S. borrowings to approximately 4.1% during the first quarter 2009, from approximately 6.1% during the first quarter of 2008. Our weighted- average U.S. borrowings remained relatively flat at approximately \$310 million despite the fact that we utilized our revolving credit facility as our primary source to fund operations in the first quarter of 2009 (as it was our lowest cost source of borrowings at that time), as compared to utilizing our securitization facility as the primary source of operational funding in the first quarter of 2008 due to its lower cost in 2008. The remainder of the difference is attributable to reduced interest expense related to our senior subordinated notes, as we retired approximately \$39.8 million between December 2008 and the first quarter of 2009.

**Other Expense, Net.** Other expense, net decreased approximately \$0.5 million, to \$0.7 million for the three months ended March 31, 2009, as compared to \$1.2 million for the three months ended March 31, 2008. In the first quarter of 2009, we incurred approximately \$0.3 million of expenses in connection with the use of our receivables securitization facility and sales of receivables to fund working capital needs and incurred approximately \$0.4 million in connection with the renewal of the facility. In the first quarter of 2008, we incurred approximately \$0.7 million of expenses in connection with the use of our receivables securitization facility and sales of receivables to fund working capital needs and incurred approximately \$0.3 million in connection with the renewal of the facility. There were no other individually significant amounts incurred or changes in amounts incurred in either of the three month periods ended March 31, 2009 and 2008.

**Income Taxes.** The effective income tax rates for the three months ended March 31, 2009 and 2008 were 37% and 36%, respectively.

**Discontinued Operations.** The results of discontinued operations consist of our N.I. Industries property management line of business, which is currently held for sale, and our specialty tapes and laminates business, which was sold in February 2009. Loss from discontinued operations, net of income tax benefit, was \$7.7 million for the three months ended March 31, 2009, as compared to income from discontinued operations, net of income tax expense, of \$0.3 million for the three months ended March 31, 2008. See Note 2, "Discontinued Operations and Assets Held for Sale," to our consolidated financial statements included in Part I, Item 1 of this report on Form 10-Q.



Table of Contents

**Liquidity and Capital Resources**

*Cash Flows*

Cash provided by operating activities for the three months ended March 31, 2009 was approximately \$1.8 million, as compared to \$9.7 million for the three months ended March 31, 2008. Significant changes in cash flows provided by operating activities and the reasons for such changes are as follows:

For the three months ended March 31, 2009, the Company used \$9.4 million of cash, based on the reported net loss from operations and after considering the effects of non-cash items related to gains/losses on dispositions of property and equipment, depreciation and amortization, changes in deferred taxes, debt extinguishments and stock compensation. For the three months ended March 31, 2008, the Company generated \$19.6 million in cash flows based on the reported net income from operations of \$7.9 million and after considering the of non-cash impacts related to depreciation, amortization, and other non-cash items.

For the three months ended March 31, 2009, activity related to the sale of receivables and use of our receivables securitization facility resulted in a net cash use of approximately \$6.1 million, as we reduced amounts outstanding under the facility relative to December 31, 2008. During the first three months of 2009, we relied primarily on our revolving credit facility as the principal source of funding our working capital requirements and ordinary course needs as it was our lowest cost source of borrowings. For the three months ended March 31, 2008, activity related to the sale of receivables and use of our receivables securitization facility resulted in a net cash source of approximately \$18.8 million. During the first three months of 2008, we relied primarily on our receivables securitization facility as the primary source of funding working capital requirements and ordinary course needs as it was our lowest cost source of borrowings at that time.

Increases in accounts receivables resulted in a use of cash of approximately \$2.6 million and \$34.9 million for the three months ended March 31, 2009 and 2008, respectively. As compared to first quarter 2008, first quarter 2009 sales decreased approximately 24%, and the level of accounts receivable at March 31, 2009 declined a comparable amount, resulting in a much lesser use of cash.

For the three months ended March 31, 2009, we reduced our investment in inventory consistent with our management strategy to improve inventory turns and to better align inventory levels with end market demand, which resulted in a cash source of approximately \$18.1 million. For the three months ended March 31, 2008, we used approximately \$1.8 million of cash relative to our investment in inventory.

For the three months ended March 31, 2009, accounts payable and accrued liabilities resulted in a net source of cash of \$1.2 million, as compared to a net source of cash of \$6.4 million for the three months ended March 31, 2008.

Management of prepaid expenses and other assets resulted in a source of cash of approximately \$1.7 million for each of the three months ended March 31, 2009 and 2008, respectively, primarily as a result of ongoing initiatives to reduce the relative level of investment in manufacturing supplies, spare parts and tooling assets.

Net cash provided by investing activities for the three months ended March 31, 2009 was approximately \$17.4 million, as compared to net cash used of \$8.6 million for the three months ended March 31, 2008. During the first quarter 2009, we generated approximately \$20.7 million of cash, primarily due to the sale of our specialty laminates business. We also incurred approximately \$3.3 million in capital expenditures to support our growth initiatives. During the first quarter of 2008,

Table of Contents

our investing activities used cash of approximately \$8.6 million. We paid approximately \$2.4 million for the acquisition of Parkside Towbars, net of cash acquired, and incurred approximately \$6.2 million in capital expenditures to support our growth initiatives.

Net cash used by financing activities for the three months ended March 31, 2009 was approximately \$18.6 million, as compared to approximately \$0.4 million for the three months ended March 31, 2008. During the first quarter of 2009, we used \$16.0 million of available cash to retire \$31.8 million face value of our 9<sup>7</sup>/<sub>8</sub>% senior subordinated notes due 2012 via open market purchases. As previously noted, during first quarter 2009, we significantly increased use of our revolving credit facility as the primary source of funding our working capital requirements as it was our lowest cost source of borrowing, as compared to first quarter 2008, when we relied more heavily on our securitization facility. On a net basis, we reduced amounts outstanding on our revolving credit facilities at March 31, 2009 approximately \$1.8 million from yearend. In first quarter 2008, amounts outstanding on our revolving credit facilities at March 31, 2008 increased approximately \$1.7 million from yearend.

*Our Debt and Other Commitments*

Our credit facility is comprised 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, of which \$7.5 million was outstanding at March 31, 2009. Under the credit facility, up to \$90.0 million in the aggregate of our revolving credit facility is available to be used for one or more permitted acquisitions subject to certain conditions and other outstanding borrowings and issued letters of credit. Our credit facility also provides for an uncommitted \$100.0 million incremental term loan facility that, subject to certain conditions, is available to fund one or more permitted acquisitions or to repay a portion of our senior subordinated notes.

Amounts drawn under our revolving credit facilities fluctuate daily based upon our working capital and other ordinary course needs. Availability under our revolving credit facilities depends upon, among other things, compliance with our credit agreement's financial covenants. Our credit facilities contain negative and affirmative covenants and other requirements affecting us and our subsidiaries, including among others: 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, 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 terms of our credit agreement require us and our 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 most restrictive of these financial covenants and ratios are the leverage ratio and interest expense ratio. Our permitted leverage ratio under our amended and restated credit agreement is 5.00 to 1.00 for July 1, 2008 to June 30, 2009, 4.75 to 1.00 for July 1, 2009 to September 30, 2009, 4.50 to 1.00 for October 1, 2009 to June 30, 2010, 4.25 to 1.00 for July 1, 2010 to September 30, 2011 and 4.00 to 1.00 from October 1, 2011 and thereafter. Our actual leverage ratio was 4.02 to 1.00 at March 31, 2009. Our permitted interest expense ratio under our amended and restated credit agreement is 2.10 to 1.00 for January 1, 2009 to June 30, 2009, 2.20 to 1.00 for July 1, 2009 to December 31, 2009, 2.30 to 1.00 for January 1, 2010 to December 31, 2010, 2.40 to 1.00 for January 1, 2011 to September 30, 2011 and 2.50 to 1.00 for October 1, 2011 and thereafter. Our actual interest expense ratio was 2.82 to 1.00 at March 31, 2009. At March 31, 2009, we were in compliance with our financial covenants.

The following are the reconciliations of net income (loss), which is a GAAP measure of our operating results, to Consolidated Bank EBITDA, and interest expense, as reported, to Consolidated

Edgar Filing: TRIMAS CORP - Form 10-Q

Table of Contents

Cash Interest Expense, both as defined in our credit agreement as in effect on March 31, 2009, for the twelve month period ended March 31, 2009.

	Year Ended December 31, 2008	Less: Three Months Ended March 31, 2008	Add: Three Months Ended March 31, 2009	Twelve Months Ended March 31, 2009
(dollars in thousands)				
Net income (loss), as reported	\$ (136,190)	\$ 7,870	\$ (3,680)	\$ (147,740)
Bank stipulated adjustments:				
Interest expense, net (as defined)	56,060	14,760	12,530	53,830
Income tax expense (benefit) <sup>(1)</sup>	(12,600)	4,490	(2,490)	(19,580)
Depreciation and amortization	44,070	10,750	11,760	45,080
Interest equivalent costs <sup>(2)</sup>	2,610	740	570	2,440
Non-cash expenses related to stock option grants <sup>(3)</sup>	1,030	290	30	770
Other non-cash expenses or losses <sup>(4)</sup>	188,340	540	420	188,220
Non-recurring expenses or costs for cost savings projects <sup>(5)</sup>	4,250	720	3,500	7,030
Negative EBITDA from discontinued operations <sup>(6)</sup>	3,660		10,000	13,660
Permitted dispositions <sup>(7)</sup>	180	(790)	890	1,860
Permitted acquisitions <sup>(8)</sup>	40	40		
<b>Consolidated Bank EBITDA, as defined</b>	<b>\$ 151,450</b>	<b>\$ 39,410</b>	<b>\$ 33,530</b>	<b>\$ 145,570</b>

	March 31, 2009 (dollars in thousands)
Total long-term debt	\$ 575,170
Aggregate funding under the receivables securitization facility	10,000
<b>Total Consolidated Indebtedness, as defined</b>	<b>\$ 585,170</b>
Consolidated Bank EBITDA, as defined	\$ 145,570
<b>Actual leverage ratio</b>	<b>4.02x</b>
Covenant requirement	5.00x

	Year Ended December 31, 2008	Less: Three Months Ended March 31, 2008	Add: Three Months Ended March 31, 2009	Twelve Months Ended March 31, 2009
(dollars in thousands)				
Interest expense, as reported	\$ 56,060	\$ 14,760	\$ 12,530	\$ 53,830

Edgar Filing: TRIMAS CORP - Form 10-Q

Bank stipulated adjustments:

Interest equivalent costs <sup>(2)</sup>	2,610	740	570	2,440
Interest income	(720)	(190)	(100)	(630)
Non-cash amounts attributable to amortization of financing costs	(2,630)	(620)	(1,120)	(3,130)
Pro forma adjustment for dispositions	(1,120)	(310)		(810)
<b>Total Consolidated Cash Interest Expense, as defined</b>	<b>\$ 54,200</b>	<b>\$ 14,380</b>	<b>\$ 11,880</b>	<b>\$ 51,700</b>

## Edgar Filing: TRIMAS CORP - Form 10-Q

### Table of Contents

	March 31, 2009 (dollars in thousands)
Consolidated Bank EBITDA, as defined	\$ 145,570
Total Consolidated Cash Interest Expense, as defined	51,700
Actual interest expense ratio	2.82x
Covenant requirement	2.10x

- 
- (1) Amount includes tax (expense) benefits associated with discontinued operations.
- (2) Interest-equivalent costs associated with the Company's receivables securitization facility.
- (3) Non-cash expenses resulting from the grant of restricted shares of common stock and common stock options.
- (4) Principally, non-cash charges associated with tangible and intangible asset impairments, including goodwill.
- (5) Non-recurring costs and expenses relating to cost savings projects, including restructuring and severance expenses, not to exceed \$50,000,000 in the aggregate.
- (6) Not to exceed \$10,000,000 in any fiscal year; actual amount reported for the three month period ended March 31, 2009 was \$10.7 million
- (7) EBITDA from permitted dispositions, as defined.
- (8) EBITDA from permitted acquisitions, as defined.

Three of our international businesses are also parties to loan agreements with banks, denominated in their local currencies. In the United Kingdom, we are party to a revolving debt agreement with a bank in the amount of £1.0 million, (approximately \$0.1 million outstanding at March 31, 2009) which is secured by a letter of credit under our credit facilities. In Italy, we are party to a €5.0 million note agreement with a bank (approximately \$2.0 million outstanding at March 31, 2009) with a term of seven years, which expires December 12, 2012 and is secured by land and buildings of our local business unit. In Australia, we are party to a debt agreement with a bank in the amount of \$23.0 million Australian dollars (approximately \$14.3 million outstanding at March 31, 2009) for a term of five years which expires December 31, 2010. Borrowings under this arrangement are secured by substantially all the assets of the local business which is also subject to financial ratio and reporting covenants. Financial ratio covenants include: capital adequacy ratio (tangible net worth over total tangible assets), interest coverage ratio (EBIT over gross interest cost) and we expect to be in compliance with such covenants. In addition to the financial ratio covenants there are other financial restrictions such as: restrictions on dividend payments, U.S. parent loan repayments, negative pledge and undertakings with respect to related entities. As of March 31, 2009, total borrowings in the amount of \$16.4 million were outstanding under these arrangements.

Another important source of liquidity is our \$55.0 million accounts receivable securitization facility, under which we have the ability to sell eligible accounts receivable to a third-party multi-seller receivables funding company. At March 31, 2009, we had \$10.0 million utilized under our accounts receivable facility and available funding of \$33.3 million based on eligible receivables.

At March 31, 2009, our available revolving credit capacity of \$150 million under our credit facility is reduced by approximately \$31.0 million of letters of credit outstanding as of that date. The letters of credit are used for a variety of purposes, including support of certain operating lease agreements, vendor payment terms and other subsidiary operating activities, and to meet various states' requirements to self-insure workers' compensation claims, including incurred but not reported claims. After consideration of outstanding letters of credit and

## Edgar Filing: TRIMAS CORP - Form 10-Q

\$7.5 million outstanding under our revolving credit facility at March 31, 2009, we had \$111.5 million of revolving credit capacity available, in addition to \$33.3 million of available liquidity under our accounts receivable securitization facility discussed above. However, after consideration of our leverage covenant, we had aggregate available

Table of Contents

funding under our accounts receivable facility and our revolving credit and receivables securitization facilities of \$142.7 million at March 31, 2009.

Our available revolving credit capacity under our credit facility, after consideration of approximately \$31.0 million in letters of credit outstanding related thereto, is approximately \$119.0 million, while our available liquidity under our accounts receivable securitization facility ranges from \$39 million to \$49 million, depending on the level of our receivables outstanding at a given point in time during the year. We rely upon our cash flow from operations and available liquidity under the credit and securitization facilities to fund our debt service obligations and other contractual commitments, working capital and capital expenditure requirements. Generally, we use available liquidity under these facilities to fund capital expenditures and daily working capital requirements during the first half of the year, as we experience some seasonality in our Recreational Accessories and RV & Trailer Products operating segments. Sales of towing and trailering products within these segments are generally stronger in the second and third quarters, as trailer original equipment manufacturers (OEMs), distributors and retailers acquire product for the spring and summer selling seasons. None of our other operating segments experience any material seasonal fluctuation in their respective businesses. During the second half of the year, the investment in working capital is reduced and amounts outstanding under our credit and securitization facilities are paid down. At the end of each quarter, we generally use cash on hand to pay down amounts outstanding under our credit and securitization facilities.

Cash management related to our credit and securitization facilities is centralized. We monitor our cash position and available liquidity on a daily basis and forecast our cash needs on a weekly basis within the current quarter, and on a monthly basis outside the current quarter over the remainder of the year. Our business and related cash forecasts are updated monthly. Given aggregate available funding under our credit and securitization facilities of \$142.7 million at March 31, 2009, after consideration of the aforementioned leverage restrictions, and based on forecasted cash sources and requirements inherent in our business plans, we believe that our liquidity and capital resources, including anticipated cash flows from operations, will be sufficient to meet our debt service, capital expenditure and other short-term and long-term obligation needs for the foreseeable future.

We also have \$297.4 million (face value) 9<sup>7</sup>/<sub>8</sub>% senior subordinated notes (the "Notes") outstanding at March 31, 2009, due in 2012. During the first quarter 2009, we retired \$31.8 million face value of Notes via open market purchases. We may choose to repurchase Notes via open market or in privately negotiated transactions on terms we believe favorable. These transactions may be effected for cash (from cash and cash equivalents, borrowings under our credit facility, or proceeds from sale of debt or equity securities), in exchange for common stock, or a combination of both. We will evaluate any such transaction in light of then prevailing market conditions and our then current and prospective liquidity and capital resources, including projected and potential needs and prospects for access to capital markets. Any such transactions may, individually or in aggregate, be material.

Principal payments required under our amended and restated credit facility term loan are: \$0.7 million due each calendar quarter through June 30, 2013, and \$242.5 million due on August 2, 2013 (or February 28, 2012 if the Company's existing senior subordinated notes are still outstanding as of that date).

Our credit facility is guaranteed on a senior secured basis by us and all of our domestic subsidiaries, other than our special purpose receivables subsidiary, on a joint and several basis. In addition, our obligations and the guarantees thereof are secured by substantially all the assets of us and the guarantors.

Our exposure to interest rate risk results from the variable rates under our credit facility. Borrowings under the credit facility bear interest, at various rates, as more fully described in Note 9, "Long-term Debt," to the accompanying consolidated financial statements as of March 31, 2009. In

Table of Contents

April 2008, we entered into an interest rate swap agreement to fix the LIBOR- based variable portion of our interest rate on \$125.0 million notional amount of its term loan facility at 2.73%. The swap extends through October 2009. In January 2009, the Company entered into two new interest rate swap agreements to fix the LIBOR-based variable portion of its interest rate on \$75.0 million notional amount of its term loan facility at 1.39% and \$125 million notional amount of its term loan facility at 1.91%. The \$75.0 million notional amount interest rate swap commences in January 2009 and extends through January 2011. The \$125.0 million notional amount interest rate swap commences in October 2009 and extends through July 2011. These interest rate swaps are designated as cash flow hedges under SFAS No. 133 whereby the effective portion of the hedge gains and losses are deferred as changes in the cash flows of the interest rate swaps are expected to exactly offset the changes in the cash flows of variable rate debt attributable to fluctuations in the LIBOR. The cumulative fair value of the swaps was a liability of \$2.8 million at March 31, 2009.

Based on variable rate-based borrowings outstanding at March 31, 2009, a 1% increase or decrease in the per annum interest rate for borrowings under our U.S. and foreign revolving credit facilities would change our interest expense by approximately \$0.8 million annually.

We have other cash commitments related to leases. We account for these lease transactions as operating leases and annual rent expense for continuing operations related thereto approximates \$15.7 million. We expect to continue to utilize leasing as a financing strategy in the future to meet capital expenditure needs and to reduce debt levels.

**Market Risk**

We conduct business in several locations throughout the world and are subject to market risk due to changes in the value of foreign currencies. We do not currently use derivative financial instruments to manage these risks. The functional currencies of our foreign subsidiaries are the local currency in the country of domicile. We manage these operating activities at the local level and revenues and costs are generally denominated in local currencies; however, results of operations and assets and liabilities reported in U.S. dollars will fluctuate with changes in exchange rates between such local currencies and the U.S. dollar.

**Common Stock**

Our common stock is listed on the NYSE, which requires us to continue to meet certain listing standards, including standards related to our shareholders' equity (e.g., minimum shareholders' equity of \$75 million). On March 12, 2009, we were notified by NYSE Regulation, Inc. that we were not in compliance with one of the continued listing standards of the NYSE because over a 30 day-trading period our total market capitalization was less than \$75 million and our most recently reported stockholders' equity was less than \$75 million. In accordance with the NYSE's continued listing criteria, we submitted a cure plan to the NYSE on April 27, 2009, demonstrating how we plan to cure this deficiency and, if acceptable to the NYSE, we will have 18 months in which to restore our shareholders' equity above the \$75 million threshold or our common stock will be de-listed from the NYSE. This plan will build upon the Company's most recent earnings materials reflecting its continued capacity to improve its balance sheet, while supporting its business initiatives to improve profitability and generate strong cash flow. During that timeframe, the NYSE will continually monitor our performance under that plan and can start the delisting process if at any time it decides that we are not meeting objectives that are set forth in such plan.



Table of Contents

**Off-Balance Sheet Arrangements**

The Company is party to an agreement to sell, on an ongoing basis, the trade accounts receivable of certain business operations to a wholly-owned, bankruptcy-remote, special purpose subsidiary, TSPC, Inc. ("TSPC"). On February 13, 2009, the Company completed the renewal of its receivables securitization facility. Key terms of the renewal include a 364-day term, committed funding of up to \$55.0 million and a cost of funds under the facility equal to a commercial paper-based rate plus a usage fee of 4.5%. TSPC, subject to certain conditions, may from time to time sell an undivided fractional ownership interest in the pool of domestic receivables, up to approximately \$55.0 million, to a third party multi-seller receivables funding company, or conduit. The proceeds of the sale are less than the face amount of accounts receivable sold by an amount that approximates the purchaser's financing costs. Under the terms of the agreement, new receivables can be added to the pool as collections reduce receivables previously sold. The facility is an important source of liquidity. At March 31, 2009, we had \$10.0 million utilized and \$33.3 million available under this facility based on eligible receivables and before consideration of leverage restrictions.

The facility is subject to customary termination events, including, but not limited to, breach of representations or warranties, the existence of any event that materially adversely affects the collectability of receivables or performance by a seller and certain events of bankruptcy or insolvency. The facility expires in February 2010. In future periods, if we are unable to renew or replace this facility, it could materially and adversely affect our available liquidity capacity.

**Credit Rating**

We and certain of our outstanding debt obligations are rated by Standard & Poor's and Moody's. On March 27, 2009, Standard & Poor's reaffirmed its ratings on our credit facilities, corporate credit and senior subordinated notes ratings of BB-, B+ and B- respectively, but revised its outlook to negative from stable. On December 16, 2008, Moody's affirmed our corporate family and probability of default ratings at B2 but downgraded the rating of our senior secured credit to Ba3 from Ba2 and the rating for our senior subordinated notes to Caa1 from B3. The outlook is stable. If our credit ratings were to decline, our ability to access certain financial markets may become limited, the perception of us in the view of our customers, suppliers and security holders may worsen and as a result, we may be adversely affected.

**Outlook**

The global economy has entered a period of very weak economic activity, led by the recession in the United States and followed by declines in other major markets around the world. The financial market crisis set off a series of events that generated conditions more severe than those experienced in several decades. The characteristics of the financial crisis are unique, given the housing crisis and downward pressures on valuations of mortgage-backed and related securities, which have combined to foster a crisis in business and consumer confidence. Although several other factors contributed to current economic and financial conditions, the influence of these financial developments was very prominent. The interrelationships among financial markets worldwide ultimately resulted in a synchronous global economic downturn, the effects of which became evident in the fourth quarter of 2008 as major markets around the world all suffered setbacks. The economic outlook for 2009 is negative, with a range of possible outcomes due to the uncertain financial markets environment. Consumer and business spending has been severely constrained by credit conditions and economic weakness.

Although we anticipate 2009 will be challenging year, we believe that our profit improvement plan to aggressively restructure certain of our businesses and initiate cost reductions in other businesses will help compensate for lost profitability due to weak end market demand. We are also focused on

Table of Contents

liquidity actions to improve our balance sheet and have implemented or plan to implement the following actions to improve liquidity including:

Closed on the sale of our specialty tapes and laminates business in February 2009, generating \$21 million cash proceeds;

Successfully renewed our receivables securitization facility which provides committed funding of up to \$55 million;

We may choose to transact additional purchases of our Notes via open market transactions on terms we believe are favorable. We will evaluate any such transaction in light of then prevailing market conditions and our then current and prospective liquidity and capital resources, including projected and potential needs and prospects for access to capital markets;

Reduce our level of investment in inventory and working capital overall, and align production activities consistent with expectations of significantly reduced end market demand;

Implement a European holding company structure to use available foreign cash to fund international market growth strategies, and;

Monetize various non-core assets and complete the sale of the property management business.

Longer-term, we believe these actions position our Company for future profitable growth by enabling strategies focused on reduced cycle times and securing our position as best cost producer. We will continue to focus on efficient deployment of capital in support of new products in growing end markets, geographic expansion, and product-line and bolt-on acquisitions that we expect will provide further opportunities for growth and enhanced returns.

**Impact of New Accounting Standards**

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 will only affect disclosures and will have no impact on our consolidated financial statements.

In December 2008, the 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 our 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 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. We adopted SFAS No. 161 in the first quarter of 2009, expanding our disclosures regarding derivative instruments in Note 10 in the consolidated financial statements 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



Table of Contents

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. We adopted SFAS No. 141(R) in the first quarter of 2009. There is no impact on our 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. We adopted SFAS No. in the first quarter of 2009. There is no impact on our current consolidated financial statements as a result of this pronouncement.

**Critical Accounting Policies**

The following discussion of accounting policies is intended to supplement the accounting policies presented in Note 3 to our 2008 audited financial statements included in our annual report filed on Form 10-K. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, our evaluation of business and macroeconomic trends, and information from other outside sources, as appropriate.

**Receivables.** Receivables are presented net of allowances for doubtful accounts of approximately \$6.0 million at March 31, 2009. We monitor our exposure for credit losses and maintain adequate allowances for doubtful accounts. We determine these allowances based on our historical write-off experience and/or specific customer circumstances and provide such allowances when amounts are reasonably estimable and it is probable a loss has been incurred. We do not have concentrations of accounts receivable with a single customer or group of customers and do not believe that significant credit risk exists due to our diverse customer base. Trade accounts receivable of substantially all domestic business operations may be sold, on an ongoing basis, to TSPC.

**Depreciation and Amortization.** Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and buildings/land improvements, 10 to 40 years, and machinery and equipment, 3 to 15 years. Capitalized debt issuance costs are amortized over the underlying terms of the related debt securities. Customer relationship intangibles are amortized over periods ranging from 6 to 25 years, while technology and other intangibles are amortized over periods ranging from 1 to 30 years.

**Impairment of Long-Lived Assets and Definite-Lived Intangible Assets.** In accordance with Statement of Financial Accounting Standards No. 144, (SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets," we review, on at least a quarterly basis, the financial performance of each business unit for indicators of impairment. In reviewing for impairment indicators, we also consider events or changes in circumstances such as business prospects, customer retention, market trends, potential product obsolescence, competitive activities and other economic factors. An impairment loss is recognized when the carrying value of an asset group exceeds the future net undiscounted cash flows expected to be generated by that asset group. The impairment loss recognized is the amount by which the carrying value of the asset group exceeds its fair value.

**Goodwill and Indefinite-Lived Intangibles.** We test goodwill and indefinite-lived intangible assets for impairment on an annual basis (on October 1) as required by Statement of Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), by comparing the estimated fair value of each of our reporting units to its respective carrying value on our balance sheet. More frequent

Table of Contents

evaluations may be required if we experience changes in our business climate or as a result of other triggering events that take place as defined in SFAS 142.

For the purposes of these impairment tests, two of our five operating segments, Recreational Accessories and RV & Trailer Products, are considered reporting units, because the individual businesses within each of these segments have similar economic characteristics, including their products, services, customers, and distribution. The ten businesses which comprise our remaining three operating segments are considered separate reporting units for purposes of applying SFAS 142. These businesses are less similar in their economic characteristics and have discrete financial information available which management regularly reviews for purposes of evaluating performance.

We estimate the fair value of our reporting units utilizing a combination of three valuation techniques: discounted cash flow (Income Approach), market comparable method (Market Approach) and market capitalization (Direct Market Data Method). For purposes of applying the SFAS 142 test, we have historically relied primarily on the Income Approach, because it considers factors unique to each of our businesses and related long-range plans that may not be comparable to other companies and that are not yet publicly available. Management therefore believes that this valuation approach provides the best estimate of fair value of our reporting units. The Market Approach considers potentially comparable companies and transactions within the industries where our reporting units participate, and applies their trading multiples to our reporting units. Management uses this data to assess the reasonableness of the estimate of fair value of our reporting units under the Income Approach due to the difficulty in identifying companies that are specifically comparable to our reporting units, considering the diversity of our businesses, their relative sizes and levels of complexity. We also use the Direct Market Data Method by comparing our book value and the estimates of fair value of the reporting units to our market capitalization as of and at dates near the annual testing date. Management uses this comparison as additional evidence of the fair value of the Company, as our market capitalization may be suppressed by other factors such as the control premium associated with a controlling shareholder, our high degree of leverage, and the limited float of our common stock. In situations where the Market Approach and/or the Direct Market Data Method yield estimated fair values for our reporting units that are significantly different than under the Income Approach, we re-evaluate and adjust, if necessary, the assumptions underlying the Income Approach.

The Income Approach requires us to calculate the present value of estimated future cash flows. In making this calculation, we make significant estimates regarding future revenues and expenses, projected capital expenditures, changes in working capital and the appropriate discount rate. The projections also include significant assumptions related to including current and estimated economic trends and outlook, costs of raw materials, consideration of our market capitalization as compared to the estimated fair values of our reporting units determined using the Income Approach and other factors which are beyond our control. We compare the estimates of fair value of each reporting unit, determined under the Income Approach, with each reporting unit's net asset carrying value. If carrying value exceeds fair value, a possible impairment of goodwill and indefinite-lived intangible assets exists and further evaluation is performed.

Future declines in sales and/or operating profit, declines in our stock price, or other changes in our business or the markets for our products could result in further impairments of goodwill and other intangible assets.

***Pension and Postretirement Benefits Other than Pensions.*** We account for pension benefits and postretirement benefits other than pensions in accordance with the requirements of FASB Statement of Financial Accounting Standards No. 87 (SFAS No. 87), "Employer's Accounting for Pensions," No. 88 (SFAS No. 88), "Employer's Accounting for Settlements and Curtailments of Defined Benefit Plans and for Terminated Benefits," No. 106 (SFAS No. 106), "Employer's Accounting for Postretirement Benefits Other Than Pension," No. 132 (SFAS No. 132), "Employer's Disclosures about Pensions and Other

Table of Contents

*Postretirement Benefits* an amendment of FASB Statements Nos. 87, 88, and 106" and No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans An Amendment of FASB Statements No. 87, 88, 106 and 132(R)." Annual net periodic expense and accrued benefit obligations recorded with respect to our defined benefit plans are determined on an actuarial basis. We determine assumptions used in the actuarial calculations which impact reported plan obligations and expense, considering trends and changes in the current economic environment in determining the most appropriate assumptions to utilize as of our measurement date. Annually, we review the actual experience compared to the most significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. Discount rates are based upon an expected benefit payments duration analysis and the equivalent average yield rate for high-quality fixed-income investments. Pension benefits are funded through deposits with trustees and the expected long-term rate of return on fund assets is based upon actual historical returns modified for known changes in the market and any expected change in investment policy. Postretirement benefits are not funded and our policy is to pay these benefits as they become due. Certain accounting guidance, including the guidance applicable to pensions, does not require immediate recognition of the effects of a deviation between actual and assumed experience or the revision of an estimate. This approach allows the favorable and unfavorable effects that fall within an acceptable range to be netted.

**Income Taxes.** We compute income taxes using the asset and liability method, whereby deferred income taxes using current enacted tax rates are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities and for operating loss and tax credit carryforwards. Beginning with the adoption of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," on January 1, 2007, we recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We record interest and penalties related to unrecognized tax benefits in income tax expense.

**Derivative Financial Instruments.** We account for derivative financial instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which requires that all derivatives be recorded at fair value on the balance sheet as either assets or liabilities. The effective portion of changes in the fair value of the derivative is recorded in other comprehensive income and is recognized in the statement of operations when the hedged item affects earnings. The ineffective portion of the change in fair value of a hedge is recognized in income immediately. We have historically entered into interest rate swaps to hedge cash flows associated with variable rate debt.

**Other Loss Reserves.** We have other loss exposures related to environmental claims, asbestos claims and litigation. Establishing loss reserves for these matters requires the use of estimates and judgment in regard to risk exposure and ultimate liability. We are generally self-insured for losses and liabilities related principally to workers' compensation, health and welfare claims and comprehensive general, product and vehicle liability. Generally, we are responsible for up to \$0.5 million per occurrence under our retention program for workers' compensation, between \$0.3 million and \$2.0 million per occurrence under our retention programs for comprehensive general, product and vehicle liability, and have a \$0.3 million per occurrence stop-loss limit with respect to our self-insured group medical plan. We accrue loss reserves up to our retention amounts based upon our estimates of the ultimate liability for claims incurred, including an estimate of related litigation defense costs, and an estimate of claims incurred but not reported using actuarial assumptions about future events. We accrue for such items in accordance with FASB Statement of Financial Accounting Standards No. 5, (SFAS No. 5), "Accounting for Contingencies" when such amounts are reasonably estimable and probable. We utilize known facts and historical trends, as well as actuarial valuations in determining

Table of Contents

estimated required reserves. Changes in assumptions for factors such as medical costs and actual experience could cause these estimates to change significantly.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

In the normal course of business, we are exposed to market risk associated with fluctuations in foreign currency exchange rates. We are also subject to interest risk as it relates to long-term debt. See Item 2, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for details about our primary market risks, and the objectives and strategies used to manage these risks. Also see Note 9, "*Long-term Debt*," in the notes to the consolidated financial statements for additional information.

**Item 4. Controls and Procedures**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

**Evaluation of disclosure controls and procedures**

As of March 31, 2009, an evaluation was carried out by management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934, (the "Exchange Act")) pursuant to Rule 13a-15 of the Exchange Act. Our disclosure controls and procedures are designed only to provide reasonable assurance that they will meet their objectives. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2009, the Company's disclosure controls and procedures are effective to provide reasonable assurance that they would meet their objectives.

**Changes in disclosure controls and procedures**

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents**PART II. OTHER INFORMATION****TRIMAS CORPORATION****Item 1. Legal Proceedings**

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 us, 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 us, 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. We estimate that our share of the clean-up costs will not exceed \$500,000, for which we have 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 our present knowledge and subject to future legal and factual developments, we do not believe that this matter will have a material adverse effect on our financial position, results of operations or cash flows.

As of March 31, 2009, we were 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 our 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 our primary insurance, at the applicable date and for the applicable period:

	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

In addition, we acquired various companies to distribute our products that had distributed gaskets of other manufacturers prior to acquisition. We believe that many of our pending cases relate to locations at which none of our gaskets were distributed or used.

We 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 we may be subjected to further claims in respect of the former activities of our acquired gasket distributors. We note that we are 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



Table of Contents

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 our costs related to settlement and defense of asbestos litigation have been covered by our primary insurance. Effective February 14, 2006, we entered into a coverage-in-place agreement with our first level excess carriers regarding the coverage to be provided to us for asbestos-related claims when the primary insurance is exhausted. The coverage-in-place agreement makes coverage available to us 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, we believe that the relief sought (when specified) does not bear a reasonable relationship to our potential liability. Based upon our experience to date and other available information (including the availability of excess insurance), we do not believe that these cases will have a material adverse effect on our financial position and results of operations or cash flows.

We are subject to other claims and litigation in the ordinary course of our business, but do not believe that any such claim or litigation will have a material adverse effect on our financial position and results of operations or cash flows.

**Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part 1, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deemed to be immaterial also may materially adversely affect our business, financial position and results of operations or cash flows.

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

None.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

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

Not applicable.

**Item 5. Other Information**

Not applicable.

Table of Contents

**Item 6. Exhibits.**

**Exhibits Index:**

- 3.1(l) Fourth Amended and Restated Certificate of Incorporation of TriMas Corporation.
- 3.2(l) Second Amended and Restated By-laws of TriMas Corporation.
- 4.1(a) Indenture relating to the 9<sup>7</sup>/<sub>8</sub>% senior subordinated notes, dated as of June 6, 2002, by and among TriMas Corporation, each of the Guarantors named therein and The Bank of New York as trustee.
- 4.2(a) Form of note (included as Exhibit 4.1(a) above).
- 4.3(a) Registration Rights Agreement relating to the 9<sup>7</sup>/<sub>8</sub>% senior subordinated notes issued June 6, 2002 dated as of June 6, 2002 by and among TriMas Corporation and the parties named therein.
- 4.4(b) Registration Rights Agreement relating to the 9<sup>7</sup>/<sub>8</sub>% senior subordinated notes issued December 10, 2002 dated as of December 10, 2002 by and among TriMas Corporation and the parties named therein.
- 4.5(c) Supplemental Indenture dated as of March 4, 2003.
- 4.6(d) Supplemental Indenture No. 2 dated as of May 9, 2003.
- 4.7(e) Supplemental Indenture No. 3 dated as of August 6, 2003.
- 4.8(p) Supplemental Indenture No. 4 dated as of February 28, 2008.
- 10.1(a) Stock Purchase Agreement dated as of May 17, 2002 by and among Heartland Industrial Partners, L.P., TriMas Corporation and Metaldyne Company LLC.
- 10.2(a) Amended and Restated Shareholders Agreement, dated as of July 19, 2002 by and among TriMas Corporation and Metaldyne Corporation.
- 10.3(j) Amendment No. 1 to Amended and Restated Shareholders Agreement dated as of August 31, 2006.
- 10.4(i) Credit Agreement dated as of June 6, 2002, as amended and restated as of August 2, 2006 among TriMas Corporation, TriMas Company LLC, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, and Comerica Bank, as Syndication Agent.
- 10.5(a) Receivables Purchase Agreement, dated as of June 6, 2002, by and among TriMas Corporation, the Sellers party thereto and TSPC, Inc., as Purchaser.
- 10.6(w) Amendment No. 1 as of February 13, 2009 to Receivables Purchase Agreement.
- 10.7(a) Receivables Transfer Agreement, dated as of June 6, 2002, by and among TSPC, Inc., as Transferor, TriMas Corporation, individually, as Collection Agent, TriMas Company LLC, individually as Guarantor, the CP Conduit Purchasers, Committed Purchasers and Funding Agents party thereto, and JPMorgan Chase Bank as Administrative Agent.
- (k)

Edgar Filing: TRIMAS CORP - Form 10-Q

- 10.8 Amendment dated as of June 3, 2005, to Receivables Transfer Agreement.
- 10.9<sup>(h)</sup> Amendment dated as of July 5, 2005, to Receivables Transfer Agreement.
- 10.10<sup>(n)</sup> Amendment dated as of December 31, 2007, to Receivables Transfer Agreement.
- 10.11<sup>(o)</sup> Amendment dated as of February 22, 2008, to Receivables Transfer Agreement.
- 10.12<sup>(w)</sup> Amendment dated as of February 13, 2009, to Receivables Transfer Agreement.

56

---

## Edgar Filing: TRIMAS CORP - Form 10-Q

### Table of Contents

- 10.13(h) TriMas Receivables Facility Amended and Restated Fee Letter dated July 1, 2005.
- 10.14(p) TriMas Receivables Facility Amended and Restated Fee Letter dated February 22, 2008.
- 10.15(w) TriMas Receivables Facility Amended and Restated Fee Letter dated February 13, 2009.
- 10.16(a) Lease Assignment and Assumption Agreement, dated as of June 21, 2002, by and among Heartland Industrial Group, L.L.C., TriMas Company LLC and the Guarantors named therein.
- 10.17(a) TriMas Corporation 2002 Long Term Equity Incentive Plan.
- 10.18(t) First Amendment to the TriMas Corporation 2002 Long Term Equity Incentive Plan.
- 10.19(t) Second Amendment to the TriMas Corporation 2002 Long Term Equity Incentive Plan.
- 10.20(t) Third Amendment to the TriMas Corporation 2002 Long Term Equity Incentive Plan.
- 10.21(t) Fourth Amendment to the TriMas Corporation 2002 Long Term Equity Incentive Plan.
- 10.22(d) Asset Purchase Agreement among TriMas Corporation, Metaldyne Corporation and Metaldyne Company LLC dated May 9, 2003.
- 10.23(d) Form of Sublease Agreement (included as Exhibit A in Exhibit 10.22(e) above).
- 10.24(f) 2003 Form of Stock Option Agreement.
- 10.25(s) 2008 Annual Value Creation Program.
- 10.26(t) 409A Amendment to TriMas Corporation Annual Value Creation Plan effective September 10, 2008.
- 10.27(g) Form of Indemnification Agreement.
- 10.28(j) Amendment No. 1 to Stock Purchase Agreement, dated as of August 31, 2006 by and among Heartland Industrial Partners, L.P., TriMas Corporation and Metaldyne Corporation.
- 10.29(s) Amendment No. 2 to Stock Purchase Agreement, dated as of November 27, 2006 by and among Heartland Industrial Partners, L.P., TriMas Corporation and Metaldyne Corporation.
- 10.30(j) Advisory Agreement, dated June 6, 2002 between Heartland Industrial Partners, L.P. and TriMas Corporation.
- 10.31(k) First Amendment to Advisory Agreement, dated as of November 1, 2006 between Heartland Industrial Group, L.L.C. and TriMas Corporation.
- 10.32(k) Second Amendment to Advisory Agreement, dated as of November 1, 2006 between Heartland Industrial Group, L.L.C. and TriMas Corporation.
- 10.33(k) Management Rights Agreement.

- 10.34<sup>(t)</sup> Executive Severance/Change of Control Policy.
- 10.35<sup>(m)</sup> TriMas Corporation 2006 Long Term Equity Incentive Plan.
- 10.36<sup>(m)</sup> First Amendment to the TriMas Corporation 2006 Long Term Equity Incentive Plan.
- 10.37<sup>(m)</sup> Second Amendment to the TriMas Corporation 2006 Long Term Equity Incentive Plan.
- 10.38<sup>(t)</sup> Third Amendment to the TriMas Corporation 2006 Long Term Equity Incentive Plan.
- 10.39<sup>(t)</sup> Fourth Amendment to the TriMas Corporation 2006 Long Term Equity Incentive Plan
- 10.40<sup>(q)</sup> Separation Agreement dated April 10, 2008.

## Edgar Filing: TRIMAS CORP - Form 10-Q

### Table of Contents

- 10.41(r) Letter Agreement dated April 28, 2008.
- 10.42(s) Letter Agreement dated July 1, 2008.
- 10.43(z) ISDA 2002 Master Agreement between JPMorgan Chase Bank, N. A. and TriMas Company LLC dated as of January 29, 2009.
- 10.44(t) Interest Rate Swap Transaction letter Agreement between JPMorgan Chase Bank, N.A. and TriMas Company, LLC effective as of April 29, 2008.
- 10.45(w) Asset Purchase Agreement between Lamtec Corporation, Compac Corporation and TriMas Company LLC dated as of December 8, 2008.
- 10.46(u) Offer Letter from TriMas Corporation to David M. Wathen dated as of January 12, 2009.
- 10.47(v) Separation Agreement dated as of January 13, 2009.
- 10.48(y) Separation Agreement dated as of March 5, 2009.
- 10.49(x) TriMas Corporation Long Term Equity Incentive Plan Non-Qualified Stock Option Agreement.
- 10.50(y) The TriMas Incentive Compensation Plan.
- 31.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- 
- (a) Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed on October 4, 2002 (File No. 333-100351).
  - (b) Incorporated by reference to the Exhibits filed with Amendment No. 2 to our Registration Statement on Form S-4, filed on January 28, 2003 (File No. 333-100351).
  - (c) Incorporated by reference to the Exhibits filed with our Annual Report on Form 10-K filed March 31, 2003 (File No. 333-100351).
  - (d) Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed June 9, 2003 (File No. 333-105950).
  - (e) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on August 14, 2003 (File No. 333-100351).

Edgar Filing: TRIMAS CORP - Form 10-Q

- (f) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on November 12, 2003 (File No. 333-100351).
- (g) Incorporated by reference to the Exhibits filed with Amendment No. 3 to our Registration Statement on Form S-1/A, filed on June 29, 2004 (File No. 333-113917).
- (h) Incorporated by reference to the Exhibits filed with our Form 8-K filed on July 6, 2005 (File No. 333-100351).

## Edgar Filing: TRIMAS CORP - Form 10-Q

### Table of Contents

- (i) Incorporated by reference to the Exhibits filed with our Form 8-K filed on August 3, 2006 (File No. 333-100351).
- (j) Incorporated by reference to the Exhibits filed with Amendment No. 1 to our Registration Statement on Form S-1, filed on September 19, 2006 (File No. 333-136263).
- (k) Incorporated by reference to the Exhibits filed with Amendment No. 3 to our Registration Statement on Form S-1, filed on January 18, 2007 (File No. 333-136263).
- (l) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q Quarterly Report, filed on August 3, 2007 (File No. 333-100351).
- (m) Incorporated by reference to the Exhibits filed with the Registration Statement on Form S-8, filed on August 31, 2007 (File No. 333-145815).
- (n) Incorporated by reference to the Exhibits filed with our Form 8-K filed on January 4, 2008 (File No. 001-10716).
- (o) Incorporated by reference to the Exhibits filed with our Form 8-K filed on February 26, 2008 (File No. 001-10716).
- (p) Incorporated by reference to the Exhibits filed with our Annual Report on Form 10-K filed on March 13, 2008 (File No. 001-10716).
- (q) Incorporated by reference to the Exhibits filed with our Form 8-K filed on April 10, 2008 (File No. 001-10716).
- (r) Incorporated by reference to the Exhibits filed with our Form 8-K filed on June 2, 2008 (File No. 001-10716).
- (s) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on August 7, 2008 (File No. 001-10716).
- (t) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on November 10, 2008 (File No. 001-10716).
- (u) Incorporated by reference to the Exhibits filed with our Form 8-K filed on January 14, 2009 (File No. 001-10716).
- (v) Incorporated by reference to the Exhibits filed with our Form 8-K Report filed on February 5, 2009 (File No. 001-10716).
- (w) Incorporated by reference to the Exhibits filed with our Form 8-K filed on February 17, 2009 (File No. 001-10716).
- (x) Incorporated by reference to the Exhibits filed with our Form 8-K filed on March 6, 2009 (File No. 001-10716).
- (y) Incorporated by reference to the Exhibits filed with our Form 8-K filed on March 10, 2009 (File No. 001-10716).
- (z) Incorporated by reference to the Exhibits filed with our Annual Report on Form 10-K filed on March 10, 2009 (File No. 001-10716).





