

TRIMAS CORP  
Form 10-Q  
July 30, 2012  
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 June 30, 2012

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 38-2687639  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) 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):

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 July 30, 2012, the number of outstanding shares of the Registrant's common stock, \$0.01 par value, was 39,282,647 shares.



Table of Contents

TriMas Corporation

Index

Part I. Financial Information

Forward-Looking Statements 2

Item 1. Consolidated Financial Statements 3

Consolidated Balance Sheet as of June 30, 2012 and December 31, 2011 3

Consolidated Statement of Operations for the Three and Six Months Ended June 30, 2012 and 2011 4

Consolidated Statement of Comprehensive Income for the Three and Six Months Ended June 30, 2012 and 2011 5

Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2012 and 2011 6

Consolidated Statement of Shareholders' Equity for the Six Months Ended June 30, 2012 7

Notes to Consolidated Financial Statements 8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 32

Item 3. Quantitative and Qualitative Disclosures about Market Risk 51

Item 4. Controls and Procedures 51

Part II. Other Information and Signatures

Item 1. Legal Proceedings 52

Item 1A. Risk Factors 52

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 52

Item 3. Defaults Upon Senior Securities 52

Item 4. Mine Safety Disclosures 52

Item 5. Other Information 52

Item 6. Exhibits 53

Signatures 54



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.

You should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2011, 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.

We disclose important factors that could cause our actual results to differ materially from our expectations under Part I, 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)

|                                                                                                                                                                   | June 30,<br>2012 | December 31,<br>2011 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|
| Assets                                                                                                                                                            |                  |                      |
| Current assets:                                                                                                                                                   |                  |                      |
| Cash and cash equivalents                                                                                                                                         | \$29,280         | \$88,920             |
| Receivables, net of reserves of approximately \$3.8 million as of June 30, 2012 and December 31, 2011                                                             | 186,720          | 135,610              |
| Inventories                                                                                                                                                       | 214,030          | 178,030              |
| Deferred income taxes                                                                                                                                             | 18,510           | 18,510               |
| Prepaid expenses and other current assets                                                                                                                         | 11,550           | 10,620               |
| Total current assets                                                                                                                                              | 460,090          | 431,690              |
| Property and equipment, net                                                                                                                                       | 173,210          | 159,210              |
| Goodwill                                                                                                                                                          | 249,670          | 215,360              |
| Other intangibles, net                                                                                                                                            | 196,570          | 155,670              |
| Other assets                                                                                                                                                      | 22,030           | 24,610               |
| Total assets                                                                                                                                                      | \$1,101,570      | \$986,540            |
| Liabilities and Shareholders' Equity                                                                                                                              |                  |                      |
| Current liabilities:                                                                                                                                              |                  |                      |
| Current maturities, long-term debt                                                                                                                                | \$8,360          | \$7,290              |
| Accounts payable                                                                                                                                                  | 169,670          | 146,930              |
| Accrued liabilities                                                                                                                                               | 67,670           | 70,140               |
| Total current liabilities                                                                                                                                         | 245,700          | 224,360              |
| Long-term debt                                                                                                                                                    | 412,460          | 462,610              |
| Deferred income taxes                                                                                                                                             | 64,650           | 64,780               |
| Other long-term liabilities                                                                                                                                       | 62,050           | 61,000               |
| Total liabilities                                                                                                                                                 | 784,860          | 812,750              |
| Redeemable noncontrolling interests                                                                                                                               | 25,490           | —                    |
| Preferred stock \$0.01 par: Authorized 100,000,000 shares;<br>Issued and outstanding: None                                                                        | —                | —                    |
| Common stock, \$0.01 par: Authorized 400,000,000 shares;<br>Issued and outstanding: 39,282,647 shares at June 30, 2012 and 34,613,607 shares at December 31, 2011 | 390              | 350                  |
| Paid-in capital                                                                                                                                                   | 627,920          | 538,610              |
| Accumulated deficit                                                                                                                                               | (375,600)        | (404,750)            |
| Accumulated other comprehensive income                                                                                                                            | 38,510           | 39,580               |
| Total shareholders' equity                                                                                                                                        | 291,220          | 173,790              |
| Total liabilities and shareholders' equity                                                                                                                        | \$1,101,570      | \$986,540            |

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



Table of Contents

## TriMas Corporation

## Consolidated Statement of Operations

(Unaudited—dollars in thousands, except for per share amounts)

|                                                                | Three months ended<br>June 30, |            | Six months ended<br>June 30, |            |
|----------------------------------------------------------------|--------------------------------|------------|------------------------------|------------|
|                                                                | 2012                           | 2011       | 2012                         | 2011       |
| Net sales                                                      | \$338,430                      | \$288,090  | \$636,000                    | \$546,650  |
| Cost of sales                                                  | (242,540 )                     | (199,800 ) | (461,200 )                   | (386,540 ) |
| Gross profit                                                   | 95,890                         | 88,290     | 174,800                      | 160,110    |
| Selling, general and administrative expenses                   | (52,710 )                      | (47,470 )  | (103,180 )                   | (91,010 )  |
| Net gain (loss) on dispositions of property and equipment      | 20                             | (40 )      | 320                          | 30         |
| Operating profit                                               | 43,200                         | 40,780     | 71,940                       | 69,130     |
| Other expense, net:                                            |                                |            |                              |            |
| Interest expense                                               | (10,300 )                      | (11,620 )  | (20,970 )                    | (23,640 )  |
| Debt extinguishment costs                                      | (6,560 )                       | (3,970 )   | (6,560 )                     | (3,970 )   |
| Other expense, net                                             | (910 )                         | (550 )     | (2,550 )                     | (1,710 )   |
| Other expense, net                                             | (17,770 )                      | (16,140 )  | (30,080 )                    | (29,320 )  |
| Income from continuing operations before income tax expense    | 25,430                         | 24,640     | 41,860                       | 39,810     |
| Income tax expense                                             | (8,260 )                       | (8,630 )   | (12,440 )                    | (13,110 )  |
| Income from continuing operations                              | 17,170                         | 16,010     | 29,420                       | 26,700     |
| Income from discontinued operations, net of income tax expense | —                              | 1,080      | —                            | 2,140      |
| Net income                                                     | 17,170                         | 17,090     | 29,420                       | 28,840     |
| Less: Net income attributable to noncontrolling interests      | 510                            | —          | 270                          | —          |
| Net income attributable to TriMas Corporation                  | \$16,660                       | \$17,090   | \$29,150                     | \$28,840   |
| Basic earnings per share attributable to TriMas Corporation:   |                                |            |                              |            |
| Continuing operations                                          | \$0.45                         | \$0.47     | \$0.81                       | \$0.79     |
| Discontinued operations                                        | —                              | 0.03       | —                            | 0.06       |
| Net income per share                                           | \$0.45                         | \$0.50     | \$0.81                       | \$0.85     |
| Weighted average common shares—basic                           | 37,345,026                     | 34,215,734 | 35,968,646                   | 34,064,787 |
| Diluted earnings per share attributable to TriMas Corporation: |                                |            |                              |            |
| Continuing operations                                          | \$0.44                         | \$0.46     | \$0.80                       | \$0.77     |
| Discontinued operations                                        | —                              | 0.03       | —                            | 0.06       |
| Net income per share                                           | \$0.44                         | \$0.49     | \$0.80                       | \$0.83     |
| Weighted average common shares—diluted                         | 37,694,221                     | 34,769,576 | 36,421,387                   | 34,667,459 |

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

Table of Contents

TriMas Corporation  
Consolidated Statement of Comprehensive Income  
(Unaudited—dollars in thousands)

|                                                                                                                                                                                                                                | Three months ended<br>June 30, |           | Six months ended<br>June 30, |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------|------------------------------|-----------|
|                                                                                                                                                                                                                                | 2012                           | 2011      | 2012                         | 2011      |
| Net income                                                                                                                                                                                                                     | \$ 17,170                      | \$ 17,090 | \$ 29,420                    | \$ 28,840 |
| Other comprehensive income:                                                                                                                                                                                                    |                                |           |                              |           |
| Amortization of defined benefit plan deferred losses (net of tax of \$60 thousand and \$30 thousand, and \$110 thousand and \$60 thousand for the three and six months ended June 30, 2012 and 2011, respectively) (Note 14)   | 90                             | 60        | 210                          | 110       |
| Foreign currency translation                                                                                                                                                                                                   | (4,870                         | ) 2,510   | (360                         | ) 7,350   |
| Net changes in unrealized loss on derivative instruments (net of tax of \$0.3 million and \$0.1 million, and \$0.6 million and \$0.1 million for the three and six months ended June 30, 2012 and 2011, respectively) (Note 9) | (510                           | ) 80      | (920                         | ) 230     |
| Total other comprehensive income (loss)                                                                                                                                                                                        | (5,290                         | ) 2,650   | (1,070                       | ) 7,690   |
| Total comprehensive income                                                                                                                                                                                                     | 11,880                         | 19,740    | 28,350                       | 36,530    |
| Less: Net income attributable to noncontrolling interests                                                                                                                                                                      | 510                            | —         | 270                          | —         |
| Total comprehensive income attributable to TriMas Corporation                                                                                                                                                                  | \$ 11,370                      | \$ 19,740 | \$ 28,080                    | \$ 36,530 |

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

Table of Contents

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

|                                                                                                            | Six months ended |            |
|------------------------------------------------------------------------------------------------------------|------------------|------------|
|                                                                                                            | June 30,         | 2011       |
|                                                                                                            | 2012             | 2011       |
| Cash Flows from Operating Activities:                                                                      |                  |            |
| Net income                                                                                                 | \$ 29,420        | \$ 28,840  |
| Adjustments to reconcile net income to net cash used for operating activities, net of acquisition impact:  |                  |            |
| Gain on dispositions of property and equipment                                                             | (320             | ) (20      |
| Depreciation                                                                                               | 12,690           | 12,620     |
| Amortization of intangible assets                                                                          | 9,180            | 7,040      |
| Amortization of debt issue costs                                                                           | 1,600            | 1,510      |
| Deferred income taxes                                                                                      | 200              | 10,930     |
| Debt extinguishment costs                                                                                  | 6,560            | 3,970      |
| Non-cash compensation expense                                                                              | 3,510            | 1,660      |
| Excess tax benefits from stock based compensation                                                          | (2,130           | ) (3,800   |
| Increase in receivables                                                                                    | (41,630          | ) (52,050  |
| Increase in inventories                                                                                    | (31,270          | ) (13,190  |
| Increase in prepaid expenses and other assets                                                              | (1,740           | ) (3,900   |
| Increase (decrease) in accounts payable and accrued liabilities                                            | 8,470            | (160       |
| Other, net                                                                                                 | 580              | 1,890      |
| Net cash used for operating activities, net of acquisition impact                                          | (4,880           | ) (4,660   |
| Cash Flows from Investing Activities:                                                                      |                  |            |
| Capital expenditures                                                                                       | (26,640          | ) (14,020  |
| Acquisition of businesses, net of cash acquired                                                            | (61,820          | ) —        |
| Net proceeds from disposition of assets                                                                    | 2,770            | 1,660      |
| Net cash used for investing activities                                                                     | (85,690          | ) (12,360  |
| Cash Flows from Financing Activities:                                                                      |                  |            |
| Proceeds from sale of common stock in connection with the Company's equity offering, net of issuance costs | 79,040           | —          |
| Proceeds from borrowings on term loan facilities                                                           | 69,530           | 226,520    |
| Repayments of borrowings on term loan facilities                                                           | (69,150          | ) (248,950 |
| Proceeds from borrowings on revolving credit facilities and accounts receivable facility                   | 412,900          | 303,520    |
| Repayments of borrowings on revolving credit facilities and accounts receivable facility                   | (412,900         | ) (297,600 |
| Retirement of 9¾% senior secured notes                                                                     | (50,000          | ) —        |
| Senior secured notes redemption premium and debt financing fees                                            | (4,880           | ) (6,570   |
| Distributions to noncontrolling interests                                                                  | (410             | ) —        |
| Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations            | (990             | ) (830     |
| Proceeds from exercise of stock options                                                                    | 5,660            | 830        |
| Excess tax benefits from stock based compensation                                                          | 2,130            | 3,800      |
| Net cash provided by (used for) financing activities                                                       | 30,930           | (19,280    |
| Cash and Cash Equivalents:                                                                                 |                  |            |
| Decrease for the period                                                                                    | (59,640          | ) (36,300  |

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|                                                   |           |           |
|---------------------------------------------------|-----------|-----------|
| At beginning of period                            | 88,920    | 46,370    |
| At end of period                                  | \$ 29,280 | \$ 10,070 |
| Supplemental disclosure of cash flow information: |           |           |
| Cash paid for interest                            | \$ 17,790 | \$ 22,710 |
| Cash paid for taxes                               | \$ 13,840 | \$ 9,140  |

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

Table of Contents

TriMas Corporation  
Consolidated Statement of Shareholders' Equity  
Six Months Ended June 30, 2012  
(Unaudited—dollars in thousands)

|                                                                                                 | TriMas Corporation |                    |                        |                                                 |            |
|-------------------------------------------------------------------------------------------------|--------------------|--------------------|------------------------|-------------------------------------------------|------------|
|                                                                                                 | Common<br>Stock    | Paid-in<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income | Total      |
| Balances, December 31, 2011                                                                     | \$ 350             | \$ 538,610         | \$ (404,750 )          | \$ 39,580                                       | \$ 173,790 |
| Net income attributable to TriMas Corporation                                                   | —                  | —                  | 29,150                 | —                                               | 29,150     |
| Other comprehensive income                                                                      | —                  | —                  | —                      | (1,070 )                                        | (1,070 )   |
| Net proceeds from equity offering of common stock (Note 2)                                      | 40                 | 79,000             | —                      | —                                               | 79,040     |
| Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations | —                  | (990 )             | —                      | —                                               | (990 )     |
| Stock option exercises and restricted stock vestings                                            | —                  | 5,660              | —                      | —                                               | 5,660      |
| Excess tax benefits from stock based compensation                                               | —                  | 2,130              | —                      | —                                               | 2,130      |
| Non-cash compensation expense                                                                   | —                  | 3,510              | —                      | —                                               | 3,510      |
| Balances, June 30, 2012                                                                         | \$ 390             | \$ 627,920         | \$ (375,600 )          | \$ 38,510                                       | \$ 291,220 |

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 the following reportable segments with diverse products and market channels: Packaging, Energy, Aerospace & Defense, Engineered Components, Cequent Asia Pacific and Cequent North America. See Note 11, "Segment Information," for further information on each of the Company's reportable 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 2011 Annual Report on Form 10-K.

## 2. Equity Offering

In May 2012, the Company issued 4,000,000 shares of its common stock via a public offering at a price of \$20.75 per share. Net proceeds from the offering, after deducting underwriting discounts, commissions and offering expenses of \$4.0 million, totaled approximately \$79.0 million. Approximately \$54.9 million of the net proceeds were utilized to partially redeem \$50.0 million aggregate principal of the Company's 9¾% senior secured notes due 2017 ("Senior Notes"). The remaining proceeds were to be used for general corporate purposes, including future acquisitions, capital expenditures and working capital requirements. See Note 8, "Long-term Debt," for further information on the Company's partial redemption of its Senior Notes.

## 3. Discontinued Operations and Assets Held for Sale

During the third quarter of 2011, the Company committed to a plan to exit its precision tool cutting and specialty fittings lines of business, both of which were part of the Engineered Components reportable segment. The businesses were sold in December 2011 for cash proceeds of \$36.4 million and a note receivable of \$2.2 million, which was collected during the second quarter of 2012, resulting in a pre-tax gain on sale of approximately \$10.3 million. The purchase agreement also includes up to \$2.5 million of additional contingent consideration, based on achievement of certain levels of future financial performance in 2012 and 2013.

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

|                                                                | Three months ended<br>June 30, |          | Six months ended<br>June 30, |          |
|----------------------------------------------------------------|--------------------------------|----------|------------------------------|----------|
|                                                                | 2012                           | 2011     | 2012                         | 2011     |
|                                                                | (dollars in thousands)         |          |                              |          |
| Net sales                                                      | \$—                            | \$11,630 | \$—                          | \$22,740 |
| Income from discontinued operations before income tax expense  | \$—                            | \$1,720  | \$—                          | \$3,400  |
| Income tax expense                                             | —                              | (640)    | ) —                          | (1,260)  |
| Income from discontinued operations, net of income tax expense | \$—                            | \$1,080  | \$—                          | \$2,140  |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## 4. Acquisitions

On February 24, 2012, the Company acquired 70% of the membership interests of Arminak & Associates, LLC ("Arminak") for the purchase price of approximately \$67.4 million. The purchase price remains subject to the finalization of a net working capital adjustment, if any, which is expected to be completed by the end of the third quarter of 2012. Arminak is in the business of designing, manufacturing and supplying foamers, lotion pumps, fine mist sprayers and other packaging solutions for the cosmetic, personal care and household product markets. The acquisition of Arminak enhances the Company's highly-engineered product offering and provides access to large global customers in the cosmetic and personal care markets. Arminak is included in the Company's Packaging reportable segment.

The purchase agreement provides the Company an option to purchase, and the Sellers an option to sell, the remaining 30% noncontrolling interest at specified dates in the future based on a multiple of future earnings, as defined. The put and call options become exercisable during the first quarters of 2014, 2015 and 2016. During the first exercise period, in 2014, TriMas and Arminak's previous owners ("Sellers") have the opportunity to call or put a 10% interest in Arminak. During the second exercise period, in 2015, TriMas and the Sellers have the opportunity to call or put an additional 10%, or up to all remaining interests held by Sellers per joint agreement, as defined in the purchase agreement. Finally, during the third exercise period, in 2016, a call or put may be exercised for all or any portions of the remaining interests held by the Sellers.

The combination of a noncontrolling interest and a redemption feature resulted in a redeemable noncontrolling interest, which is classified outside of permanent equity on the accompanying consolidated balance sheet. In order to estimate the fair value of the redeemable noncontrolling interest in Arminak, the Company utilized the Monte Carlo valuation method, using variations of estimated future discounted cash flows given certain significant assumptions including expected revenue growth, minimum and maximum estimated levels of gross profit margin, future expected cash flows, amounts transferred during each put and call exercise period and appropriate discount rates. As these assumptions are not observable in the market, the calculation represents a Level 3 fair value measurement. The Company recorded the redeemable noncontrolling interest at fair value at the date of acquisition.

Each reporting period, the Company adjusts the carrying amount of the noncontrolling interest to the greater of (1) the initial carrying amount, increased or decreased for the noncontrolling interest's share of Arminak's net income or loss and its share of comprehensive income or loss and dividends and (2) the redemption value as determined by the specified multiple of earnings, as defined. This method views the end of the reporting period as if it were also the redemption date for the redeemable noncontrolling interest. If the fair value of the redeemable noncontrolling interest is less than the redemption value, there may be a charge to earnings per share attributable to TriMas Corporation. At June 30, 2012, the estimated fair value of the redeemable noncontrolling interest exceeded the redemption value.

Changes in the carrying amount of redeemable noncontrolling interest are summarized as follows:

|                                                     |                        |   |
|-----------------------------------------------------|------------------------|---|
|                                                     | Six months ended       |   |
|                                                     | June 30, 2012          |   |
|                                                     | (dollars in thousands) |   |
| Beginning balance, February 24, 2012                | \$25,630               |   |
| Distributions to noncontrolling interests           | (410)                  | ) |
| Net income attributable to noncontrolling interests | 270                    |   |
| Ending balance, June 30, 2012                       | \$25,490               |   |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

The following table summarizes the fair value of consideration paid for Arminak, and the assets acquired and liabilities assumed recognized at the acquisition date, as well as the fair value at the acquisition date of the noncontrolling interest in Arminak:

|                                                                                           | February 24, 2012<br>(dollars in thousands) |   |
|-------------------------------------------------------------------------------------------|---------------------------------------------|---|
| Consideration                                                                             |                                             |   |
| Cash paid plus initial estimate of working capital adjustment                             | \$58,860                                    |   |
| Contingent consideration <sup>(a)</sup>                                                   | 8,490                                       |   |
| Total consideration                                                                       | \$67,350                                    |   |
| Recognized amounts of identifiable assets acquired and liabilities assumed <sup>(b)</sup> |                                             |   |
| Receivables                                                                               | \$8,990                                     |   |
| Inventories                                                                               | 4,390                                       |   |
| Intangible assets other than goodwill <sup>(c)</sup>                                      | 48,400                                      |   |
| Other assets                                                                              | 2,450                                       |   |
| Accounts payable and accrued liabilities                                                  | (4,240)                                     | ) |
| Long-term liabilities                                                                     | (1,610)                                     | ) |
| Total identifiable net assets                                                             | 58,380                                      |   |
| Redeemable noncontrolling interest                                                        | (25,630)                                    | ) |
| Goodwill <sup>(d)</sup>                                                                   | 34,600                                      |   |
|                                                                                           | \$67,350                                    |   |

<sup>(a)</sup> The contingent consideration represented the Company's best estimate, based on its review, at the time of purchase, of the underlying potential obligations estimated at a range of \$8 million to \$9 million, of certain Seller tax-related liabilities for which the Company has indemnified the Sellers as part of the purchase agreement. During the second quarter of 2012, the Company paid \$2.6 million of additional purchase price related to the contingent consideration. The remaining liability range of \$5.4 million to \$6.4 million continues represents the Company's best estimate of the remaining potential obligation at June 30, 2012.

<sup>(b)</sup> These amounts represent a preliminary allocation of the purchase price subject to finalization of post-closing procedures, which may result in further adjustments to the values presented above.

<sup>(c)</sup> Consists of \$33.0 million of customer relationships with an estimated 10 year useful life, \$7.9 million of trademarks/trade names with an indefinite useful life and \$7.5 million of technology and other intangible assets with an estimated 8 year useful life.

<sup>(d)</sup> All of the preliminary goodwill was assigned to the Company's Packaging reportable segment and is expected to be deductible for tax purposes.

The results of operations of Arminak are included in the Company's results beginning February 24, 2012. The actual amounts of net sales and net income of Arminak included in the accompanying consolidated statement of operations are summarized as follows:

|            | Three months ended<br>June 30, 2012<br>(dollars in thousands) | Six months ended<br>June 30, 2012 |
|------------|---------------------------------------------------------------|-----------------------------------|
| Net sales  | \$16,000                                                      | \$21,360                          |
| Net income | \$1,680                                                       | \$900                             |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

The following table summarizes the supplemental pro forma results of the combined entity as if the acquisition had occurred on January 1, 2011. The supplemental pro forma information presented below is for informational purposes and is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisition been consummated on January 1, 2011:

|                                               | Pro forma Combined <sup>(a)</sup> |            |                  |            |
|-----------------------------------------------|-----------------------------------|------------|------------------|------------|
|                                               | Three months ended                |            | Six months ended |            |
|                                               | June 30,                          |            | June 30,         |            |
|                                               | 2012                              | 2011       | 2012             | 2011       |
|                                               | (dollars in thousands)            |            |                  |            |
| Net sales                                     | \$ 338,430                        | \$ 302,490 | \$ 644,030       | \$ 572,230 |
| Net income attributable to TriMas Corporation | \$ 16,660                         | \$ 17,290  | \$ 31,120        | \$ 26,040  |

<sup>(a)</sup> The supplemental pro forma results reflect certain adjustments, such as adjustments for acquisition costs incurred and purchase accounting adjustments related to step-up in value and subsequent amortization of inventory and intangible assets.

Total acquisition costs incurred by the Company in connection with its purchase of Arminak, primarily related to third party legal, accounting and tax diligence fees, were approximately \$1.3 million, of which approximately \$0.3 million were incurred during the fourth quarter of 2011 and \$1.0 million were incurred during the first quarter of 2012. These costs are recorded in selling, general and administrative expenses in the accompanying consolidated statement of operations.

## 5. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the six months ended June 30, 2012 are summarized as follows:

|                              | Packaging              | Energy    | Aerospace<br>& Defense | Engineered<br>Components | Cequent<br>Asia<br>Pacific | Cequent<br>North<br>America | Total      |
|------------------------------|------------------------|-----------|------------------------|--------------------------|----------------------------|-----------------------------|------------|
|                              | (dollars in thousands) |           |                        |                          |                            |                             |            |
| Balance, December 31, 2011   | \$ 122,330             | \$ 48,720 | \$ 41,130              | \$ 3,180                 | \$ —                       | \$ —                        | \$ 215,360 |
| Goodwill from acquisitions   | 34,600                 | —         | —                      | —                        | —                          | —                           | 34,600     |
| Foreign currency translation | (280 )                 | (10 )     | —                      | —                        | —                          | —                           | (290 )     |
| Balance, June 30, 2012       | \$ 156,650             | \$ 48,710 | \$ 41,130              | \$ 3,180                 | \$ —                       | \$ —                        | \$ 249,670 |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

The gross carrying amounts and accumulated amortization of the Company's other intangibles as of June 30, 2012 and December 31, 2011 are summarized below. The Company amortizes these assets over periods ranging from 1 to 30 years.

| Intangible Category by Useful Life    | As of June 30, 2012    |                          | As of December 31, 2011 |                          |
|---------------------------------------|------------------------|--------------------------|-------------------------|--------------------------|
|                                       | Gross Carrying Amount  | Accumulated Amortization | Gross Carrying Amount   | Accumulated Amortization |
|                                       | (dollars in thousands) |                          |                         |                          |
| Finite-lived intangible assets:       |                        |                          |                         |                          |
| Customer relationships, 5 – 12 years  | \$ 71,380              | \$ (26,150 )             | \$ 37,400               | \$ (23,410 )             |
| Customer relationships, 15 – 25 years | 154,610                | (81,850 )                | 154,610                 | (77,730 )                |
| Total customer relationships          | 225,990                | (108,000 )               | 192,010                 | (101,140 )               |
| Technology and other, 1 – 15 years    | 36,740                 | (24,810 )                | 29,360                  | (23,710 )                |
| Technology and other, 17 – 30 years   | 43,740                 | (21,960 )                | 43,640                  | (20,860 )                |
| Total technology and other            | 80,480                 | (46,770 )                | 73,000                  | (44,570 )                |
| Indefinite-lived intangible assets:   |                        |                          |                         |                          |
| Trademark/Trade names                 | 44,870                 | —                        | 36,370                  | —                        |
| Total other intangible assets         | \$ 351,340             | \$ (154,770 )            | \$ 301,380              | \$ (145,710 )            |

Amortization expense related to intangible assets as included in the accompanying consolidated statement of operations is summarized as follows:

|                                                                                  | Three months ended June 30, |          | Six months ended June 30, |          |
|----------------------------------------------------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                                                                  | 2012                        | 2011     | 2012                      | 2011     |
|                                                                                  | (dollars in thousands)      |          |                           |          |
| Technology and other, included in cost of sales                                  | \$ 1,270                    | \$ 830   | \$ 2,340                  | \$ 1,640 |
| Customer relationships, included in selling, general and administrative expenses | 3,710                       | 2,700    | 6,840                     | 5,400    |
| Total amortization expense                                                       | \$ 4,980                    | \$ 3,530 | \$ 9,180                  | \$ 7,040 |

## 6. Inventories

Inventories consist of the following components:

|                   | June 30,<br>2012       | December 31,<br>2011 |
|-------------------|------------------------|----------------------|
|                   | (dollars in thousands) |                      |
| Finished goods    | \$ 145,550             | \$ 119,020           |
| Work in process   | 25,860                 | 21,730               |
| Raw materials     | 42,620                 | 37,280               |
| Total inventories | \$ 214,030             | \$ 178,030           |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## 7. Property and Equipment, Net

Property and equipment consists of the following components:

|                                | June 30,<br>2012       | December 31,<br>2011 |
|--------------------------------|------------------------|----------------------|
|                                | (dollars in thousands) |                      |
| Land and land improvements     | \$5,660                | \$5,740              |
| Buildings                      | 53,000                 | 51,480               |
| Machinery and equipment        | 317,970                | 291,960              |
|                                | 376,630                | 349,180              |
| Less: Accumulated depreciation | 203,420                | 189,970              |
| Property and equipment, net    | \$173,210              | \$159,210            |

Depreciation expense as included in the accompanying consolidated statement of operations is as follows:

|                                                                               | Three months ended June 30,<br>2012 | 2011    | Six months ended June 30,<br>2012 | 2011     |
|-------------------------------------------------------------------------------|-------------------------------------|---------|-----------------------------------|----------|
|                                                                               | (dollars in thousands)              |         |                                   |          |
| Depreciation expense, included in cost of sales                               | \$5,380                             | \$5,100 | \$11,020                          | \$10,050 |
| Depreciation expense, included in selling, general and administrative expense | 860                                 | 730     | 1,670                             | 1,460    |
| Total depreciation expense                                                    | \$6,240                             | \$5,830 | \$12,690                          | \$11,510 |

## 8. Long-term Debt

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

|                                             | June 30,<br>2012       | December 31,<br>2011 |
|---------------------------------------------|------------------------|----------------------|
|                                             | (dollars in thousands) |                      |
| U.S. bank debt and receivables facility     | \$217,750              | \$223,870            |
| Non-U.S. bank debt and other                | 6,150                  | 140                  |
| 9¾% senior secured notes, due December 2017 | 196,920                | 245,890              |
|                                             | 420,820                | 469,900              |
| Less: Current maturities, long-term debt    | 8,360                  | 7,290                |
| Long-term debt                              | \$412,460              | \$462,610            |
| U.S. Bank Debt                              |                        |                      |

The Company is a party to a credit facility consisting of a \$125.0 million revolving credit facility, which matures in June 2016 and is subject to interest at London Interbank Offered Rates ("LIBOR") plus 3.25%, and a \$225.0 million term loan facility, which matures in June 2017 and is subject to interest at LIBOR plus 3.00% (subject to a 1.25% LIBOR floor) (collectively, the "Credit Agreement").

Under the Credit Agreement, the Company may be required to prepay a portion of its term loan under an excess cash flow sweep provision, as defined, with the amount of such prepayment based on the Company's leverage ratio, as defined. In April 2012, the Company prepaid \$5.0 million of term loan principal under this provision. The Company is also able to issue letters of credit, not to exceed \$50.0 million in aggregate, against its revolving credit facility commitments. At June 30, 2012 and December 31, 2011, the Company had letters of credit of approximately \$23.3 million and \$23.9 million, respectively, issued and outstanding.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

At June 30, 2012 and December 31, 2011, the Company had no amounts outstanding under its revolving credit facilities and had \$101.7 million and \$101.1 million, respectively, potentially available after giving effect to approximately \$23.3 million and \$23.9 million, respectively, of letters of credit issued and outstanding. However, including availability under its accounts receivable facility and after consideration of leverage restrictions contained in the Credit Agreement, the Company had \$191.7 million and \$158.8 million, respectively, of borrowing capacity available to it for general corporate purposes.

The debt under the Credit Agreement is an obligation of the Company and certain of its subsidiaries. Although the terms of the Credit Agreement do not restrict the Company's subsidiaries from making distributions to it in respect of its 9¾% Senior Notes, it does contain certain other limitations on the distribution of funds from TriMas Company LLC, the Company's principal subsidiary. The restricted net assets of the guarantor subsidiaries of approximately \$484.3 million and \$412.8 million at June 30, 2012 and December 31, 2011, respectively, are presented in Note 17, "Supplemental Guarantor Condensed Consolidating Financial Information." The Credit Agreement also contains various negative and affirmative covenants and other requirements affecting the Company and its subsidiaries. The Company was in compliance with its covenants at June 30, 2012.

During the second quarter of 2011, the Company incurred \$6.6 million in fees to complete the refinance of its U.S. bank debt, of which \$4.2 million was capitalized as deferred financing fees and \$2.4 million was recorded as debt extinguishment costs in the accompanying statement of operations. In addition, the Company also recorded debt extinguishment costs of \$1.6 million related to deferred financing fees associated with the previous credit agreement. The Company's term loan facility traded at approximately 99.3% and 99.0% of par value as of June 30, 2012 and December 31, 2011, respectively, and was valued based on Level 2 inputs as defined in the fair value hierarchy.

Non-U.S. Bank Debt

The Company's Australian subsidiary is party to a debt agreement which matures on May 31, 2013 and is secured by substantially all the assets of the subsidiary. At June 30, 2012, the balance outstanding under this agreement was approximately \$6.0 million at an average interest rate of 5.5%. At December 31, 2011, the Company's Australian subsidiary had no amounts outstanding under this debt agreement.

Notes

In June 2012, the Company completed a partial redemption of its Senior Notes using cash proceeds from its May 2012 equity offering, paying approximately \$54.9 million to redeem \$50.0 million in aggregate principal at a redemption price equal to 109.750% of the principal amount. In connection with this partial redemption, the Company also incurred non-cash debt extinguishment costs of approximately \$1.7 million. See Note 2, "Equity Offering," for further information on the Company's equity offering.

The Company's Senior Notes indenture contains negative and affirmative covenants and other requirements that are comparable to those contained in the Credit Agreement. At June 30, 2012, the Company was in compliance with all such covenant requirements.

The Company's Senior Notes traded at approximately 110.0% and 108.5% of par value as of June 30, 2012 and December 31, 2011, respectively, and was valued based on Level 2 inputs as defined in the fair value hierarchy.

Receivables Facility

The Company is a party to an accounts receivable facility through TSPC, Inc. ("TSPC"), a wholly-owned subsidiary, to sell trade accounts receivable of substantially all of the Company's domestic business operations. Under this facility, TSPC, from time to time, may sell an undivided fractional ownership interest in the pool of receivables up to approximately \$90.0 million to a third party multi-seller receivables funding company. The net amount financed under the facility is less than the face amount of accounts receivable by an amount that approximates the purchaser's financing costs. The cost of funds under this facility consisted of a 3-month LIBOR-based rate plus a usage fee of 1.50% and 3.25% as of June 30, 2012 and 2011, respectively, and a fee on the unused portion of the facility of 0.45% and 0.50% as of June 30, 2012 and 2011, respectively.

The Company did not have any amounts outstanding under the facility as of June 30, 2012 or December 31, 2011, but had \$90.0 million and \$57.6 million, respectively, available but not utilized. Aggregate costs incurred under the facility were \$0.2 million and \$0.5 million for the three months ended June 30, 2012 and 2011, respectively, and \$0.5 million and \$0.9 million for the six months ended June 30, 2012 and 2011, respectively, and are included in interest expense in the accompanying consolidated statement of operations. The facility expires on September 15, 2015.

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

The cost of funds fees incurred 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 based on a 3-month LIBOR-based rate plus the usage fee discussed above and is computed in accordance with the terms of the securitization agreement. As of June 30, 2012, the cost of funds under the facility was based on an average liquidation period of the portfolio of approximately 1.6 months and an average discount rate of 1.7%.

## 9. Derivative Instruments

In March 2012, the Company entered into an interest rate swap agreement to fix the LIBOR-based variable portion of the interest rate on a total of \$100.0 million notional amount of its term loan facility. The swap agreement fixes the LIBOR-based variable portion of the interest rate at 1.80% and expires on June 23, 2016. The Company has designated the swap agreement as a cash flow hedge.

In addition, the Company was party to a \$125.0 million notional amount interest rate swap which expired in July 2011 and a second interest rate swap with a notional amount of \$75.0 million which expired in the first quarter of 2011. Both of these swaps were associated with the Company's previous term loan facility, but during 2011 neither was designated as a hedging instrument. During 2011, a loss of \$10 thousand was recognized in interest expense. As of June 30, 2012 and December 31, 2011, the fair value carrying amount of the Company's interest rate swaps are recorded as follows:

| Balance Sheet Caption                               |                             | Asset Derivatives      |                      | Liability Derivatives |                      |
|-----------------------------------------------------|-----------------------------|------------------------|----------------------|-----------------------|----------------------|
|                                                     |                             | June 30,<br>2012       | December 31,<br>2011 | June 30,<br>2012      | December 31,<br>2011 |
|                                                     |                             | (dollars in thousands) |                      |                       |                      |
| Derivatives designated as hedging instruments       |                             |                        |                      |                       |                      |
| Interest rate swap                                  | Accrued liabilities         | \$—                    | \$—                  | \$550                 | \$—                  |
| Interest rate swap                                  | Other long-term liabilities | —                      | —                    | 850                   | —                    |
| Total derivatives designated as hedging instruments |                             | \$—                    | \$—                  | \$1,400               | \$—                  |

The effect of interest rate swaps on the consolidated statement of operations for the three and six months ended June 30, 2012 and 2011 is summarized as follows:

| Amount of Loss Recognized<br>in AOCI on Derivative<br>(Effective Portion, net of tax) |                               |                                                                                       | Amount of Loss Reclassified from<br>AOCI into Earnings |           |                              |           |           |
|---------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------|-----------|------------------------------|-----------|-----------|
|                                                                                       |                               |                                                                                       | Three months ended<br>June 30,                         |           | Six months ended<br>June 30, |           |           |
| As of<br>June 30,<br>2012                                                             | As of<br>December 31,<br>2011 | Location of Loss<br>Reclassified from<br>AOCI into<br>Earnings (Effective<br>Portion) | 2012                                                   | 2011      | 2012                         | 2011      |           |
| (dollars in thousands)                                                                |                               |                                                                                       | (dollars in thousands)                                 |           |                              |           |           |
| Derivatives<br>designated as<br>hedging<br>instruments                                |                               |                                                                                       |                                                        |           |                              |           |           |
| Interest rate swaps                                                                   | \$ (860 )                     | \$ —                                                                                  | Interest expense                                       | \$ (110 ) | \$ (120 )                    | \$ (110 ) | \$ (360 ) |

Over the next 12 months, the Company expects to reclassify approximately \$0.6 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.

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

Valuations of the interest rate swap were based on the income approach, which uses observable inputs such as interest rate yield curves and forward currency exchange rates. Fair value measurements and the fair value hierarchy level for the Company's assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 are shown below.

June 30, 2012

| Description         | Frequency | Asset / (Liability)    | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|---------------------|-----------|------------------------|----------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
|                     |           | (dollars in thousands) |                                                                            |                                                        |                                                    |
| Interest rate swaps | Recurring | \$ (1,400 )            | \$ —                                                                       | \$ (1,400 )                                            | \$ —                                               |

## 10. Commitments and Contingencies

## Asbestos

As of June 30, 2012, the Company was a party to 1,089 pending cases involving an aggregate of 7,911 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<br>pending at<br>beginning of<br>period | Claims filed<br>during<br>period | Claims<br>dismissed<br>during<br>period | Claims<br>settled<br>during<br>period | Average<br>settlement<br>amount per<br>claim during<br>period | Total<br>defense<br>costs during<br>period |
|-------------------------------------|------------------------------------------------|----------------------------------|-----------------------------------------|---------------------------------------|---------------------------------------------------------------|--------------------------------------------|
| Fiscal Year Ended December 31, 2011 | 8,200                                          | 476                              | 607                                     | 21                                    | \$14,300                                                      | \$2,510,000                                |
| Six Months Ended June 30, 2012      | 8,048                                          | 185                              | 310                                     | 12                                    | 17,858                                                        | 1,460,000                                  |

In addition, the Company acquired various companies to distribute its 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 7,911 claims pending at June 30, 2012, 77 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). Below is a breakdown of the amount sought for those claims seeking specific amounts:

|                                       | Compensatory & Punitive |                 |         | Compensatory Only |                |        | Punitive Only  |                |        |
|---------------------------------------|-------------------------|-----------------|---------|-------------------|----------------|--------|----------------|----------------|--------|
| Range of damages sought (in millions) | \$0.3 to \$5.0          | \$5.0 to \$10.0 | \$10.0+ | \$0.1 to \$0.6    | \$0.6 to \$5.0 | \$5.0+ | \$0.0 to \$2.5 | \$2.5 to \$5.0 | \$5.0+ |
| Number of claims                      | 54                      | 18              | 5       | 47                | 27             | 3      | 54             | 18             | 5      |

In addition, relatively few of the claims have reached the discovery stage and even fewer claims have gone past the discovery stage.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 20 years ago, have been approximately \$6.3 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 40% 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 asbestos defense costs and indemnity coverage available to the Company that might otherwise be disputed by the carriers and provides a methodology for the administration of such expenses. Nonetheless, the Company believes it is likely there will be a period within the next one or two years, prior to the commencement of coverage under this agreement and following exhaustion of the Company's primary insurance coverage, during which the Company will be solely responsible for defense costs and indemnity payments, the duration of which would be subject to the scope of damage awards and settlements paid. 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, including the trend in annual defense and settlement costs incurred to date, and other available information (including the availability of excess insurance), the Company does not believe these cases will have a material adverse effect on its financial position and results of operations or cash flows.

Ordinary Course Claims

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.

11. Segment Information

TriMas groups its operating segments into reportable segments that provide similar products and services. Each operating segment has discrete financial information evaluated regularly by the Company's chief operating decision maker in determining resource allocation and assessing performance. Within these reportable segments, there are no individual products or product families for which reported net sales accounted for more than 10% of the Company's consolidated net sales. See below for more information regarding the types of products and services provided within each reportable segment:

Packaging-Highly engineered closure and dispensing systems for a range of end markets, including steel and plastic industrial and consumer packaging applications.

Energy-Metallic and non-metallic industrial sealant products and bolts and fasteners for the petroleum refining, petrochemical and other industrial markets.

Aerospace & Defense-Highly engineered specialty fasteners and screws for the commercial and military aerospace industries and military munitions components for the defense industry.

Engineered Components-High-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, and natural gas engines, compressors, gas production equipment and chemical pumps engineered at well sites for the oil and gas industry.

Cequent Asia Pacific & Cequent North America-Custom-engineered towing, trailering and electrical 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, 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.

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

Segment activity is as follows:

|                         | Three months ended<br>June 30, |           | Six months ended<br>June 30, |           |
|-------------------------|--------------------------------|-----------|------------------------------|-----------|
|                         | 2012                           | 2011      | 2012                         | 2011      |
|                         | (dollars in thousands)         |           |                              |           |
| Net Sales               |                                |           |                              |           |
| Packaging               | \$70,700                       | \$47,900  | \$125,010                    | \$91,800  |
| Energy                  | 47,170                         | 42,170    | 97,760                       | 83,120    |
| Aerospace & Defense     | 19,330                         | 21,330    | 37,190                       | 39,830    |
| Engineered Components   | 52,620                         | 43,860    | 102,300                      | 80,860    |
| Cequent Asia Pacific    | 28,550                         | 21,560    | 56,750                       | 41,370    |
| Cequent North America   | 120,060                        | 111,270   | 216,990                      | 209,670   |
| Total                   | \$338,430                      | \$288,090 | \$636,000                    | \$546,650 |
| Operating Profit (Loss) |                                |           |                              |           |
| Packaging               | \$16,570                       | \$15,070  | \$26,460                     | \$26,900  |
| Energy                  | 4,350                          | 5,020     | 10,740                       | 10,360    |
| Aerospace & Defense     | 4,820                          | 4,860     | 9,680                        | 8,580     |
| Engineered Components   | 8,600                          | 6,620     | 16,310                       | 11,280    |
| Cequent Asia Pacific    | 2,010                          | 1,940     | 5,050                        | 4,470     |
| Cequent North America   | 15,500                         | 14,380    | 19,660                       | 21,050    |
| Corporate expenses      | (8,650)                        | (7,110)   | (15,960)                     | (13,510)  |
| Total                   | \$43,200                       | \$40,780  | \$71,940                     | \$69,130  |

## 12. Equity Awards

The Company maintains the following long-term equity incentive plans: the 2011 TriMas Corporation Omnibus Incentive Compensation Plan, the TriMas Corporation 2006 Long Term Equity Incentive Plan and the TriMas Corporation 2002 Long Term Equity Incentive Plan (collectively, the "Plans"). See below for details of awards under the Plans by type.

## Stock Options

The Company did not grant any stock options during the first half of 2012. Information related to stock options at June 30, 2012 is as follows:

|                                | Number of<br>Options | Weighted<br>Average<br>Option Price | Average<br>Remaining<br>Contractual Life<br>(Years) | Aggregate<br>Intrinsic Value |
|--------------------------------|----------------------|-------------------------------------|-----------------------------------------------------|------------------------------|
| Outstanding at January 1, 2012 | 1,271,149            | \$13.29                             |                                                     |                              |
| Exercised                      | (486,763)            | 11.36                               |                                                     |                              |
| Cancelled                      | (2,500)              | 23.00                               |                                                     |                              |
| Expired                        | (15,308)             | 20.00                               |                                                     |                              |
| Outstanding at June 30, 2012   | 766,578              | \$14.35                             | 4.7                                                 | \$5,644,432                  |

As of June 30, 2012, 740,292 stock options were exercisable under the Plans. In addition, the fair value of options which vested during the six months ended June 30, 2012 and 2011 was \$0.4 million and \$0.3 million, respectively.

Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

During the three months ended June 30, 2012, the Company did not recognize any stock-based compensation expense related to stock options. The Company recognized approximately \$0.1 million of stock-based compensation expense related to options during the three months ended June 30, 2011, and approximately \$40 thousand and \$0.2 million during the six months ended June 30, 2012 and 2011, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

Restricted Shares

During the three months ended June 30, 2012 and March 31, 2012, the Company issued 2,213 and 2,120 shares, respectively, for director fee deferrals. The Company allows for its non-employee independent directors to make an annual election to defer all or a portion of their directors fees and to receive the deferred amount in cash or equity. Certain of our directors have elected to defer all or a portion of their directors fees and to receive the amount in Company common stock at a future date.

The Company also awarded multiple restricted stock grants during the first quarter of 2012. First, the Company granted 19,532 restricted shares of common stock to certain employees which are subject only to a service condition and vest ratably over three years so long as the employee remains with the Company.

Secondly, the Company awarded 60,665 restricted shares of common stock to certain employees during the first quarter of 2012. These shares are subject only to a service condition and vest on the first anniversary date of the award. The awards were made to participants in the Company's short-term Incentive Compensation Plan ("ICP"), where, beginning in the 2010 plan year, all ICP participants whose target ICP annual award exceeds \$20 thousand receive 80% of the value in earned cash and 20% in the form of a restricted stock award upon finalization of the award amount in the first quarter each year, following the previous plan year.

The Company awarded 206,064 restricted shares to certain Company key employees during the first quarter of 2012. Half of the restricted shares granted are service-based restricted stock units. These awards vest ratably over three years. The other half of the shares are subject to a performance condition and are earned based upon the achievement of two performance metrics over a period of three calendar years, beginning on January 1, 2012 and ending on December 31, 2014. Of this award, 75% of the awards are earned based upon the Company's earnings per share ("EPS") cumulative average growth rate ("EPS CAGR") over the performance period. The remaining 25% of the grants are earned based upon the Company's cash generation results. Cash generation is defined as the Company's cumulative three year cash flow from operating activities less capital expenditures, as publicly reported by the Company, plus or minus special items that may occur from time-to-time, divided by the Company's three-year income from continuing operations as publicly reported by the Company, plus or minus special items that may occur from time-to-time. Depending on the performance achieved for these two metrics, the amount of shares earned can vary from 30% of the target award to a maximum amount of 200% of the target award for the cash flow metric and 250% of the target award for the EPS CAGR metric. However, if these performance metrics are not achieved, no award will be earned. The performance awards vest on a "cliff" basis at the end of the three-year performance period.

During the first quarter of 2012, the Company also awarded 166,530 restricted shares to certain Company key employees which are solely performance-based grants. Of this award, 60% are earned based on 2012 earnings per share growth, and the remaining 40% are earned based on the EPS CAGR for 2012 and 2013. Depending on the performance achieved for these two specific metrics, the amount of shares earned can vary from 30% of the target award to a maximum amount of 250% of the target award. However, if these performance metrics are not achieved, no award will be earned.

In addition, the Company granted 16,440 restricted shares of its common stock to its non-employee independent directors, which vest one year from date of grant so long as the director and/or Company does not terminate his services prior to the vesting date.



Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

Information related to restricted shares at June 30, 2012 is as follows:

|                                | Number of<br>Unvested<br>Restricted<br>Shares | Weighted<br>Average Grant<br>Date Fair Value | Average<br>Remaining<br>Contractual Life<br>(Years) | Aggregate<br>Intrinsic Value |
|--------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------------|------------------------------|
| Outstanding at January 1, 2012 | 332,043                                       | \$ 16.25                                     |                                                     |                              |
| Granted                        | 473,564                                       | 24.30                                        |                                                     |                              |
| Vested                         | (131,635)                                     | ) 16.20                                      |                                                     |                              |
| Cancelled                      | (818)                                         | ) 24.33                                      |                                                     |                              |
| Outstanding at June 30, 2012   | 673,154                                       | \$ 21.82                                     | 2.0                                                 | \$ 13,530,395                |

As of June 30, 2012, there was approximately \$9.1 million of unrecognized compensation cost related to unvested restricted shares that is expected to be recorded over a weighted-average period of 1.7 years.

The Company recognized approximately \$2.1 million and \$0.7 million of stock based compensation expense related to restricted shares during the three months ended June 30, 2012 and 2011, respectively, and approximately \$3.5 million and \$1.5 million for the six months ended June 30, 2012 and 2011, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

## 13. Earnings per Share

Net earnings are divided by the weighted average number of shares outstanding during the period to calculate basic earnings per share. Diluted earnings per share are calculated to give effect to stock options and other stock-based awards. The calculation of diluted earnings per share included 152,546 and 114,043 restricted shares for the three months ended June 30, 2012 and 2011, respectively and 205,876 and 106,536 restricted shares for the six months ended June 30, 2012 and 2011, respectively. The calculation of diluted earnings per share also included options to purchase 196,649 and 439,800 shares of common stock for the three months ended June 30, 2012 and 2011, respectively and 246,865 and 496,136 for the six months ended June 30, 2012 and 2011, respectively.

## 14. Defined Benefit Plans

Net periodic pension and postretirement benefit costs for the Company's defined benefit pension plans and postretirement benefit plans cover foreign employees, union hourly employees and certain salaried employees. The components of net periodic pension and postretirement benefit costs for the three and six months ended June 30, 2012 and 2011 are as follows:

|                                    | Pension Plans                  |        |                              |        | Other Postretirement Benefits     |          |                              |           |
|------------------------------------|--------------------------------|--------|------------------------------|--------|-----------------------------------|----------|------------------------------|-----------|
|                                    | Three months ended<br>June 30, |        | Six months ended<br>June 30, |        | Three months<br>ended<br>June 30, |          | Six months ended<br>June 30, |           |
|                                    | 2012                           | 2011   | 2012                         | 2011   | 2012                              | 2011     | 2012                         | 2011      |
|                                    | (dollars in thousands)         |        |                              |        |                                   |          |                              |           |
| Service costs                      | \$ 150                         | \$ 160 | \$ 300                       | \$ 320 | \$ —                              | \$ —     | \$ —                         | \$ —      |
| Interest costs                     | 400                            | 400    | 800                          | 800    | 10                                | 10       | 20                           | 20        |
| Expected return on plan assets     | (420 )                         | (410 ) | (850 )                       | (810 ) | —                                 | —        | —                            | —         |
| Amortization of prior service cost | 10                             | 10     | 10                           | 10     | (60 )                             | (60 )    | (130 )                       | (130 )    |
| Amortization of net (gain)/loss    | 260                            | 170    | 530                          | 350    | (20 )                             | (20 )    | (40 )                        | (40 )     |
| Net periodic benefit cost          | \$ 400                         | \$ 330 | \$ 790                       | \$ 670 | \$ (70 )                          | \$ (70 ) | \$ (150 )                    | \$ (150 ) |



Table of Contents

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

The Company contributed approximately \$0.5 million and \$4.5 million to its defined benefit pension plans during the three and six months ended June 30, 2012, respectively. The Company expects to contribute approximately \$5.8 million to its defined benefit pension plans for the full year 2012.

15. New Accounting Pronouncements

As of June 30, 2012, there are no recently issued accounting pronouncements not yet adopted by the Company that would have a material impact on the Company's results of operations or financial position.

16. Subsequent Events

In July 2012, the Company entered into an agreement to acquire a Brazilian business and completed the acquisition of a business located in New Zealand and Australia for approximately \$23 million in cash, in aggregate, with additional future payments for the Brazilian business based on post-acquisition operating results. Within its Energy reportable segment, the Company entered into an agreement to acquire CIFAL Industrial e Comercial Ltda ("CIFAL"), a Brazilian manufacturer and supplier of specialty fasteners and stud bolts, primarily to the oil and gas industry. CIFAL generated approximately \$9 million in revenue for the twelve months ended June 30, 2012. Within its Cequent Asia Pacific reportable segment, the Company acquired Trail Com Limited ("Trail Com"). Trail Com, with locations in New Zealand and Australia, is a distributor of towing accessories and trailer components. Trail Com generated approximately \$12 million in revenue for the twelve months ended June 30, 2012.

17. Supplemental Guarantor Condensed Consolidating Financial Information

Under an indenture dated December 29, 2009, TriMas Corporation, the parent company ("Parent"), issued 9¾% senior secured notes due 2017 ("Senior Notes") in a total principal amount of \$250.0 million (face value). The outstanding Senior Notes are fully and unconditionally guaranteed on a joint and several basis by substantially all of the Company's domestic subsidiaries ("Guarantor Subsidiaries"). The Company's non-domestic subsidiaries and TSPC, Inc. have not guaranteed the Senior Notes ("Non-Guarantor Subsidiaries"). The Guarantor Subsidiaries have also guaranteed amounts outstanding under the Company's Credit Agreement.

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)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Balance Sheet

(dollars in thousands)

|                                            | June 30, 2012 |             |               |              |                    |
|--------------------------------------------|---------------|-------------|---------------|--------------|--------------------|
|                                            | Parent        | Guarantor   | Non-Guarantor | Eliminations | Consolidated Total |
| Assets                                     |               |             |               |              |                    |
| Current assets:                            |               |             |               |              |                    |
| Cash and cash equivalents                  | \$—           | \$8,980     | \$20,300      | \$—          | \$29,280           |
| Trade receivables, net                     | —             | 154,820     | 31,900        | —            | 186,720            |
| Receivables, intercompany                  | —             | 2,170       | —             | (2,170 )     | —                  |
| Inventories                                | —             | 179,490     | 34,540        | —            | 214,030            |
| Deferred income taxes                      | —             | 17,540      | 970           | —            | 18,510             |
| Prepaid expenses and other current assets  | —             | 9,140       | 2,410         | —            | 11,550             |
| Total current assets                       | —             | 372,140     | 90,120        | (2,170 )     | 460,090            |
| Investments in subsidiaries                | 484,290       | 144,610     | —             | (628,900 )   | —                  |
| Property and equipment, net                | —             | 112,450     | 60,760        | —            | 173,210            |
| Goodwill                                   | —             | 203,900     | 45,770        | —            | 249,670            |
| Intangibles and other assets               | 4,700         | 208,870     | 6,130         | (1,100 )     | 218,600            |
| Total assets                               | \$488,990     | \$1,041,970 | \$202,780     | \$(632,170 ) | \$1,101,570        |
| Liabilities and Shareholders' Equity       |               |             |               |              |                    |
| Current liabilities:                       |               |             |               |              |                    |
| Current maturities, long-term debt         | \$—           | \$2,320     | \$6,040       | \$—          | \$8,360            |
| Accounts payable, trade                    | —             | 138,150     | 31,520        | —            | 169,670            |
| Accounts payable, intercompany             | —             | —           | 2,170         | (2,170 )     | —                  |
| Accrued liabilities                        | 850           | 56,580      | 10,240        | —            | 67,670             |
| Total current liabilities                  | 850           | 197,050     | 49,970        | (2,170 )     | 245,700            |
| Long-term debt                             | 196,920       | 215,540     | —             | —            | 412,460            |
| Deferred income taxes                      | —             | 60,530      | 5,220         | (1,100 )     | 64,650             |
| Other long-term liabilities                | —             | 59,070      | 2,980         | —            | 62,050             |
| Total liabilities                          | 197,770       | 532,190     | 58,170        | (3,270 )     | 784,860            |
| Redeemable noncontrolling interest         | —             | 25,490      | —             | —            | 25,490             |
| Total shareholders' equity                 | 291,220       | 484,290     | 144,610       | (628,900 )   | 291,220            |
| Total liabilities and shareholders' equity | \$488,990     | \$1,041,970 | \$202,780     | \$(632,170 ) | \$1,101,570        |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Balance Sheet

(dollars in thousands)

|                                            | December 31, 2011 |           |               |              |                    |
|--------------------------------------------|-------------------|-----------|---------------|--------------|--------------------|
|                                            | Parent            | Guarantor | Non-Guarantor | Eliminations | Consolidated Total |
| Assets                                     |                   |           |               |              |                    |
| Current assets:                            |                   |           |               |              |                    |
| Cash and cash equivalents                  | \$—               | \$33,820  | \$55,100      | \$—          | \$88,920           |
| Trade receivables, net                     | —                 | 105,030   | 30,580        | —            | 135,610            |
| Receivables, intercompany                  | —                 | 2,290     | —             | (2,290 )     | —                  |
| Inventories                                | —                 | 147,010   | 31,020        | —            | 178,030            |
| Deferred income taxes                      | —                 | 17,280    | 1,230         | —            | 18,510             |
| Prepaid expenses and other current assets  | —                 | 8,950     | 1,670         | —            | 10,620             |
| Total current assets                       | —                 | 314,380   | 119,600       | (2,290 )     | 431,690            |
| Investments in subsidiaries                | 412,840           | 169,360   | —             | (582,200 )   | —                  |
| Property and equipment, net                | —                 | 103,880   | 55,330        | —            | 159,210            |
| Goodwill                                   | —                 | 169,290   | 46,070        | —            | 215,360            |
| Intangibles and other assets               | 7,920             | 169,020   | 6,350         | (3,010 )     | 180,280            |
| Total assets                               | \$420,760         | \$925,930 | \$227,350     | \$(587,500 ) | \$986,540          |
| Liabilities and Shareholders' Equity       |                   |           |               |              |                    |
| Current liabilities:                       |                   |           |               |              |                    |
| Current maturities, long-term debt         | \$—               | \$7,290   | \$—           | \$—          | \$7,290            |
| Accounts payable, trade                    | —                 | 115,150   | 31,780        | —            | 146,930            |
| Accounts payable, intercompany             | —                 | —         | 2,290         | (2,290 )     | —                  |
| Accrued liabilities                        | 1,080             | 58,660    | 10,400        | —            | 70,140             |
| Total current liabilities                  | 1,080             | 181,100   | 44,470        | (2,290 )     | 224,360            |
| Long-term debt                             | 245,890           | 216,720   | —             | —            | 462,610            |
| Deferred income taxes                      | —                 | 61,580    | 6,210         | (3,010 )     | 64,780             |
| Other long-term liabilities                | —                 | 53,690    | 7,310         | —            | 61,000             |
| Total liabilities                          | 246,970           | 513,090   | 57,990        | (5,300 )     | 812,750            |
| Total shareholders' equity                 | 173,790           | 412,840   | 169,360       | (582,200 )   | 173,790            |
| Total liabilities and shareholders' equity | \$420,760         | \$925,930 | \$227,350     | \$(587,500 ) | \$986,540          |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Operations

(dollars in thousands)

|                                                                                                                       | Three Months Ended June 30, 2012 |            |               |              |                    |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------|------------|---------------|--------------|--------------------|
|                                                                                                                       | Parent                           | Guarantor  | Non-Guarantor | Eliminations | Consolidated Total |
| Net sales                                                                                                             | \$—                              | \$288,070  | \$ 66,450     | \$(16,090 )  | \$338,430          |
| Cost of sales                                                                                                         | —                                | (207,690 ) | (50,940 )     | 16,090       | (242,540 )         |
| Gross profit                                                                                                          | —                                | 80,380     | 15,510        | —            | 95,890             |
| Selling, general and administrative expenses                                                                          | —                                | (44,910 )  | (7,800 )      | —            | (52,710 )          |
| Gain on dispositions of property and equipment                                                                        | —                                | 10         | 10            | —            | 20                 |
| Operating profit                                                                                                      | —                                | 35,480     | 7,720         | —            | 43,200             |
| Other expense, net:                                                                                                   |                                  |            |               |              |                    |
| Interest expense                                                                                                      | (6,200 )                         | (3,660 )   | (440 )        | —            | (10,300 )          |
| Debt extinguishment costs                                                                                             | (6,560 )                         | —          | —             | —            | (6,560 )           |
| Other, net                                                                                                            | —                                | (590 )     | (320 )        | —            | (910 )             |
| Income (loss) from continuing operations before income tax (expense) benefit and equity in net income of subsidiaries | (12,760 )                        | 31,230     | 6,960         | —            | 25,430             |
| Income tax (expense) benefit                                                                                          | 4,480                            | (11,150 )  | (1,590 )      | —            | (8,260 )           |
| Equity in net income of subsidiaries                                                                                  | 25,450                           | 5,370      | —             | (30,820 )    | —                  |
| Net income                                                                                                            | 17,170                           | 25,450     | 5,370         | (30,820 )    | 17,170             |
| Less: Net income attributable to noncontrolling interests                                                             | —                                | 510        | —             | —            | 510                |
| Net income attributable to TriMas Corporation                                                                         | \$17,170                         | \$24,940   | \$ 5,370      | \$(30,820 )  | \$16,660           |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Operations

(dollars in thousands)

|                                                                                                                       | Three Months Ended June 30, 2011 |            |               |              |                    |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------|------------|---------------|--------------|--------------------|
|                                                                                                                       | Parent                           | Guarantor  | Non-Guarantor | Eliminations | Consolidated Total |
| Net sales                                                                                                             | \$—                              | \$240,790  | \$ 59,410     | \$(12,110 )  | \$288,090          |
| Cost of sales                                                                                                         | —                                | (168,380 ) | (43,530 )     | 12,110       | (199,800 )         |
| Gross profit                                                                                                          | —                                | 72,410     | 15,880        | —            | 88,290             |
| Selling, general and administrative expenses                                                                          | —                                | (39,790 )  | (7,680 )      | —            | (47,470 )          |
| Gain (loss) on dispositions of property and equipment                                                                 | —                                | (60 )      | 20            | —            | (40 )              |
| Operating profit                                                                                                      | —                                | 32,560     | 8,220         | —            | 40,780             |
| Other income (expense), net:                                                                                          |                                  |            |               |              |                    |
| Interest expense                                                                                                      | (6,410 )                         | (4,600 )   | (610 )        | —            | (11,620 )          |
| Debt extinguishment costs                                                                                             | —                                | (3,970 )   | —             | —            | (3,970 )           |
| Other, net                                                                                                            | —                                | (1,840 )   | 1,290         | —            | (550 )             |
| Income (loss) from continuing operations before income tax (expense) benefit and equity in net income of subsidiaries | (6,410 )                         | 22,150     | 8,900         | —            | 24,640             |
| Income tax (expense) benefit                                                                                          | 2,240                            | (8,840 )   | (2,030 )      | —            | (8,630 )           |
| Equity in net income of subsidiaries                                                                                  | 21,260                           | 6,870      | —             | (28,130 )    | —                  |
| Income from continuing operations                                                                                     | 17,090                           | 20,180     | 6,870         | (28,130 )    | 16,010             |
| Income from discontinued operations, net of income taxes                                                              | —                                | 1,080      | —             | —            | 1,080              |
| Net income                                                                                                            | \$17,090                         | \$21,260   | \$ 6,870      | \$(28,130 )  | \$17,090           |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Operations

(dollars in thousands)

|                                                                                                                       | Six Months Ended June 30, 2012 |            |               |              |                    |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------|------------|---------------|--------------|--------------------|
|                                                                                                                       | Parent                         | Guarantor  | Non-Guarantor | Eliminations | Consolidated Total |
| Net sales                                                                                                             | \$—                            | \$537,430  | \$ 127,650    | \$(29,080 )  | \$636,000          |
| Cost of sales                                                                                                         | —                              | (391,580 ) | (98,700 )     | 29,080       | (461,200 )         |
| Gross profit                                                                                                          | —                              | 145,850    | 28,950        | —            | 174,800            |
| Selling, general and administrative expenses                                                                          | —                              | (87,130 )  | (16,050 )     | —            | (103,180 )         |
| Gain on dispositions of property and equipment                                                                        | —                              | 320        | —             | —            | 320                |
| Operating profit                                                                                                      | —                              | 59,040     | 12,900        | —            | 71,940             |
| Other income (expense), net:                                                                                          |                                |            |               |              |                    |
| Interest expense                                                                                                      | (12,610 )                      | (7,510 )   | (850 )        | —            | (20,970 )          |
| Debt extinguishment costs                                                                                             | (6,560 )                       | —          | —             | —            | (6,560 )           |
| Other, net                                                                                                            | —                              | (3,630 )   | 1,080         | —            | (2,550 )           |
| Income (loss) from continuing operations before income tax (expense) benefit and equity in net income of subsidiaries | (19,170 )                      | 47,900     | 13,130        | —            | 41,860             |
| Income tax (expense) benefit                                                                                          | 6,710                          | (16,100 )  | (3,050 )      | —            | (12,440 )          |
| Equity in net income of subsidiaries                                                                                  | 41,880                         | 10,080     | —             | (51,960 )    | —                  |
| Net income                                                                                                            | 29,420                         | 41,880     | 10,080        | (51,960 )    | 29,420             |
| Less: Net income attributable to noncontrolling interests                                                             | —                              | 270        | —             | —            | 270                |
| Net income attributable to TriMas Corporation                                                                         | \$29,420                       | \$41,610   | \$ 10,080     | \$(51,960 )  | \$29,150           |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Operations

(dollars in thousands)

|                                                                                                                       | Six Months Ended June 30, 2011 |            |               |              |                    |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------|------------|---------------|--------------|--------------------|
|                                                                                                                       | Parent                         | Guarantor  | Non-Guarantor | Eliminations | Consolidated Total |
| Net sales                                                                                                             | \$—                            | \$457,740  | \$ 111,090    | \$(22,180 )  | \$546,650          |
| Cost of sales                                                                                                         | —                              | (326,280 ) | (82,440 )     | 22,180       | (386,540 )         |
| Gross profit                                                                                                          | —                              | 131,460    | 28,650        | —            | 160,110            |
| Selling, general and administrative expenses                                                                          | —                              | (75,810 )  | (15,200 )     | —            | (91,010 )          |
| Gain on dispositions of property and equipment                                                                        | —                              | 10         | 20            | —            | 30                 |
| Operating profit                                                                                                      | —                              | 55,660     | 13,470        | —            | 69,130             |
| Other income (expense), net:                                                                                          |                                |            |               |              |                    |
| Interest expense                                                                                                      | (12,830 )                      | (9,660 )   | (1,150 )      | —            | (23,640 )          |
| Debt extinguishment costs                                                                                             | —                              | (3,970 )   | —             | —            | (3,970 )           |
| Other, net                                                                                                            | —                              | (4,410 )   | 2,700         | —            | (1,710 )           |
| Income (loss) from continuing operations before income tax (expense) benefit and equity in net income of subsidiaries | (12,830 )                      | 37,620     | 15,020        | —            | 39,810             |
| Income tax (expense) benefit                                                                                          | 4,490                          | (12,480 )  | (5,120 )      | —            | (13,110 )          |
| Equity in net income of subsidiaries                                                                                  | 37,180                         | 9,900      | —             | (47,080 )    | —                  |
| Income from continuing operations                                                                                     | 28,840                         | 35,040     | 9,900         | (47,080 )    | 26,700             |
| Income from discontinued operations, net of income taxes                                                              | —                              | 2,140      | —             | —            | 2,140              |
| Net income                                                                                                            | \$28,840                       | \$37,180   | \$ 9,900      | \$(47,080 )  | \$28,840           |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Comprehensive Income

(dollars in thousands)

|                                                                      | Three Months Ended June 30, 2012 |           |               |              |                    |
|----------------------------------------------------------------------|----------------------------------|-----------|---------------|--------------|--------------------|
|                                                                      | Parent                           | Guarantor | Non-Guarantor | Eliminations | Consolidated Total |
| Net income                                                           | \$ 17,170                        | \$ 25,450 | \$ 5,370      | \$ (30,820 ) | \$ 17,170          |
| Other comprehensive income:                                          |                                  |           |               |              |                    |
| Amortization of defined benefit plan deferred losses, net of tax     | —                                | 60        | 30            | —            | 90                 |
| Foreign currency translation                                         | —                                | —         | (4,870 )      | —            | (4,870 )           |
| Net changes in unrealized loss on derivative instruments, net of tax | —                                | (450 )    | (60 )         | —            | (510 )             |
| Total other comprehensive loss                                       | —                                | (390 )    | (4,900 )      | —            | (5,290 )           |
| Total comprehensive income                                           | 17,170                           | 25,060    | 470           | (30,820 )    | 11,880             |
| Less: Net income attributable to noncontrolling interests            | —                                | 510       | —             | —            | 510                |
| Total comprehensive income attributable to TriMas Corporation        | \$ 17,170                        | \$ 24,550 | \$ 470        | \$ (30,820 ) | \$ 11,370          |

|                                                                      | Three Months Ended June 30, 2011 |           |               |              |                    |
|----------------------------------------------------------------------|----------------------------------|-----------|---------------|--------------|--------------------|
|                                                                      | Parent                           | Guarantor | Non-Guarantor | Eliminations | Consolidated Total |
| Net income                                                           | \$ 17,090                        | \$ 21,260 | \$ 6,870      | \$ (28,130 ) | \$ 17,090          |
| Other comprehensive income:                                          |                                  |           |               |              |                    |
| Amortization of defined benefit plan deferred losses, net of tax     | —                                | 30        | 30            | —            | 60                 |
| Foreign currency translation                                         | —                                | —         | 2,510         | —            | 2,510              |
| Net changes in unrealized loss on derivative instruments, net of tax | —                                | 80        | —             | —            | 80                 |
| Total other comprehensive income                                     | —                                | 110       | 2,540         | —            | 2,650              |
| Total comprehensive income                                           | \$ 17,090                        | \$ 21,370 | \$ 9,410      | \$ (28,130 ) | \$ 19,740          |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Comprehensive Income

(dollars in thousands)

|                                                                      | Six Months Ended June 30, 2012 |           |               |              |                    |
|----------------------------------------------------------------------|--------------------------------|-----------|---------------|--------------|--------------------|
|                                                                      | Parent                         | Guarantor | Non-Guarantor | Eliminations | Consolidated Total |
| Net income                                                           | \$ 29,420                      | \$ 41,880 | \$ 10,080     | \$ (51,960 ) | \$ 29,420          |
| Other comprehensive income                                           |                                |           |               |              |                    |
| Amortization of defined benefit plan deferred losses, net of tax     | —                              | 120       | 90            | —            | 210                |
| Foreign currency translation                                         | —                              | —         | (360 )        | —            | (360 )             |
| Net changes in unrealized loss on derivative instruments, net of tax | —                              | (860 )    | (60 )         | —            | (920 )             |
| Total other comprehensive loss                                       | —                              | (740 )    | (330 )        | —            | (1,070 )           |
| Total comprehensive income                                           | 29,420                         | 41,140    | 9,750         | (51,960 )    | 28,350             |
| Less: Net income attributable to noncontrolling interests            | —                              | 270       | —             | —            | 270                |
| Total comprehensive income attributable to TriMas Corporation        | \$ 29,420                      | \$ 40,870 | \$ 9,750      | \$ (51,960 ) | \$ 28,080          |

|                                                                      | Six Months Ended June 30, 2011 |           |               |              |                    |
|----------------------------------------------------------------------|--------------------------------|-----------|---------------|--------------|--------------------|
|                                                                      | Parent                         | Guarantor | Non-Guarantor | Eliminations | Consolidated Total |
| Net income                                                           | \$ 28,840                      | \$ 37,180 | \$ 9,900      | \$ (47,080 ) | \$ 28,840          |
| Other comprehensive income                                           |                                |           |               |              |                    |
| Amortization of defined benefit plan deferred losses, net of tax     | —                              | 60        | 50            | —            | 110                |
| Foreign currency translation                                         | —                              | —         | 7,350         | —            | 7,350              |
| Net changes in unrealized loss on derivative instruments, net of tax | —                              | 230       | —             | —            | 230                |
| Total other comprehensive income                                     | —                              | 290       | 7,400         | —            | 7,690              |
| Total comprehensive income                                           | \$ 28,840                      | \$ 37,470 | \$ 17,300     | \$ (47,080 ) | \$ 36,530          |

Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Cash Flows

(dollars in thousands)

|                                                                                                            | Six Months Ended June 30, 2012 |            |               |              | Consolidated |
|------------------------------------------------------------------------------------------------------------|--------------------------------|------------|---------------|--------------|--------------|
|                                                                                                            | Parent                         | Guarantor  | Non-Guarantor | Eliminations | Total        |
| Cash Flows from Operating Activities:                                                                      |                                |            |               |              |              |
| Net cash provided by (used for) operating activities                                                       | \$(41,000 )                    | \$23,810   | \$ 12,310     | \$—          | (4,880 )     |
| Cash Flows from Investing Activities:                                                                      |                                |            |               |              |              |
| Capital expenditures                                                                                       | —                              | (17,340 )  | (9,300 )      | —            | (26,640 )    |
| Acquisition of businesses, net of cash acquired                                                            | —                              | (61,820 )  | —             | —            | (61,820 )    |
| Net proceeds from disposition of assets                                                                    | —                              | 2,770      | —             | —            | 2,770        |
| Net cash used for investing activities                                                                     | —                              | (76,390 )  | (9,300 )      | —            | (85,690 )    |
| Cash Flows from Financing Activities:                                                                      |                                |            |               |              |              |
| Proceeds from sale of common stock in connection with the Company's equity offering, net of issuance costs | 79,040                         | —          | —             | —            | 79,040       |
| Proceeds from borrowings on term loan facilities                                                           | —                              | —          | 69,530        | —            | 69,530       |
| Repayments of borrowings on term loan facilities                                                           | —                              | (6,160 )   | (62,990 )     | —            | (69,150 )    |
| Proceeds from borrowings on revolving credit facilities and accounts receivable facility                   | —                              | 412,900    | —             | —            | 412,900      |
| Repayments of borrowings on revolving credit facilities and accounts receivable facility                   | —                              | (412,900 ) | —             | —            | (412,900 )   |
| Retirement of 9¾% senior secured notes                                                                     | (50,000 )                      | —          | —             | —            | (50,000 )    |
| Senior secured notes redemption premium                                                                    | (4,880 )                       | —          | —             | —            | (4,880 )     |
| Distributions to noncontrolling interests                                                                  | —                              | (410 )     | —             | —            | (410 )       |
| Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations            | (990 )                         | —          | —             | —            | (990 )       |
| Proceeds from exercise of stock options                                                                    | 5,660                          | —          | —             | —            | 5,660        |
| Excess tax benefits from stock based compensation                                                          | —                              | 2,130      | —             | —            | 2,130        |
| Intercompany transfers (to) from subsidiaries                                                              | 12,170                         | 32,180     | (44,350 )     | —            | —            |
| Net cash provided by (used for) financing activities                                                       | 41,000                         | 27,740     | (37,810 )     | —            | 30,930       |
| Cash and Cash Equivalents:                                                                                 |                                |            |               |              |              |
| Decrease for the period                                                                                    | —                              | (24,840 )  | (34,800 )     | —            | (59,640 )    |
| At beginning of period                                                                                     | —                              | 33,820     | 55,100        | —            | 88,920       |
| At end of period                                                                                           | \$—                            | \$8,980    | \$ 20,300     | \$—          | \$29,280     |



Table of Contents

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

## Supplemental Guarantor

## Condensed Financial Statements

## Consolidating Statement of Cash Flows

(dollars in thousands)

|                                                                                                 | Six Months Ended June 30, 2011 |            |               |              | Consolidated<br>Total |
|-------------------------------------------------------------------------------------------------|--------------------------------|------------|---------------|--------------|-----------------------|
|                                                                                                 | Parent                         | Guarantor  | Non-Guarantor | Eliminations |                       |
| Cash Flows from Operating Activities:                                                           |                                |            |               |              |                       |
| Net cash provided by (used for) operating activities                                            | \$(12,190 )                    | \$(840 )   | \$ 8,370      | \$—          | (4,660 )              |
| Cash Flows from Investing Activities:                                                           |                                |            |               |              |                       |
| Capital expenditures                                                                            | —                              | (9,490 )   | (4,530 )      | —            | (14,020 )             |
| Net proceeds from disposition of assets                                                         | —                              | 1,640      | 20            | —            | 1,660                 |
| Net cash used for investing activities                                                          | —                              | (7,850 )   | (4,510 )      | —            | (12,360 )             |
| Cash Flows from Financing Activities:                                                           |                                |            |               |              |                       |
| Proceeds from borrowings on term loan facilities                                                | —                              | 225,000    | 1,520         | —            | 226,520               |
| Repayments of borrowings on term loan facilities                                                | —                              | (248,950 ) | —             | —            | (248,950 )            |
| Proceeds from borrowings on revolving credit facilities and accounts receivable facility        | —                              | 303,520    | —             | —            | 303,520               |
| Repayments of borrowings on revolving credit facilities and accounts receivable facility        | —                              | (297,600 ) | —             | —            | (297,600 )            |
| Debt financing fees                                                                             | —                              | (6,570 )   | —             | —            | (6,570 )              |
| Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations | (830 )                         | —          | —             | —            | (830 )                |
| Proceeds from exercise of stock options                                                         | 830                            | —          | —             | —            | 830                   |
| Excess tax benefits from stock based compensation                                               | —                              | 3,800      | —             | —            | 3,800                 |
| Intercompany transfers (to) from subsidiaries                                                   | 12,190                         | 14,630     | (26,820 )     | —            | —                     |
| Net cash provided by (used for) financing activities                                            | 12,190                         | (6,170 )   | (25,300 )     | —            | (19,280 )             |
| Cash and Cash Equivalents:                                                                      |                                |            |               |              |                       |
| Decrease for the period                                                                         | —                              | (14,860 )  | (21,440 )     | —            | (36,300 )             |
| At beginning of period                                                                          | —                              | 15,070     | 31,300        | —            | 46,370                |
| At end of period                                                                                | \$—                            | \$210      | \$ 9,860      | \$—          | \$10,070              |

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, including its Annual Report on Form 10-K for the year ended December 31, 2011.

Introduction

We are a global manufacturer and distributor of products for commercial, industrial and consumer markets. We are principally engaged in six reportable segments: Packaging, Energy, Aerospace & Defense, Engineered Components, Cequent Asia Pacific and Cequent North America.

**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 significantly impacted by changes in economic conditions. Over the past few years, global economic conditions have cycled through significant changes. The economy was in a period of recovery during 2011, which, along with significant market share gains and new product introductions, resulted in year-over-year net sales increases in all six of our reportable segments. The economic conditions have continued into 2012 in certain markets, which, together with market share gains, new product introductions and acquisitions, resulted in first half year-over-year net sales increases in five of our six reportable segments.

Over the past two years, we have accelerated our growth strategies via bolt-on acquisitions and geographic expansion within our existing platforms, primarily within our Packaging, Energy and Engineered Components reportable segments. While this has helped to significantly increase our net sales levels and set the foundation for continued growth, earnings margins within these segments, particularly within Packaging and Energy, have declined at the onset of the acquisitions and new branch location openings due to acquisition/setup and diligence costs, purchase accounting adjustments (inventory revaluations and higher depreciation and amortization expense), integration costs, costs to do business in new markets (primarily for new branches, where we make pricing decisions to penetrate new markets and do not yet have the volume leverage) and from acquiring companies with historically lower margins than our legacy businesses. While bolt-on acquisitions and branch expansions may put further pressure on earnings margins based on the aforementioned factors, we believe that the margins in these businesses will moderate to historical levels over time as we integrate them into our businesses and capitalize on productivity initiatives and volume efficiencies.

Critical factors affecting our ability to succeed include: our ability to create 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 supplement existing product lines, add new distribution channels, expand our geographic coverage or enable better absorption of overhead costs; our ability to manage our cost structure more efficiently via 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 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 Cequent reportable segments, primarily within Cequent North America, 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. We do not consider sales order backlog to be a material factor in our business. A growing portion of our sales is derived from international sources, which exposes us to certain risks, including currency risks.

The demand for some of our products, particularly in our two Cequent reportable segments, is heavily influenced by consumer sentiment. Despite the sales increases in the past two years, we recognize that consumer sentiment and the end market conditions remain unstable, primarily for Cequent North America, given continued uncertainties in

employment levels and consumer credit availability, both of which significantly impact consumer discretionary spending.

Table of Contents

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 also utilize 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 have been generally able to recover such increased costs, except for certain circumstances, primarily within Cequent North America during 2011, where we intentionally kept selling prices constant for certain customers despite material price increases to earn incremental sales. We may experience disruptions in supply in the future and 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 our Cequent North America reportable segment's distribution network as an element of selling, general and administrative expenses in our consolidated statement of operations. As such, gross margins for the Cequent North America reportable segment may not be comparable to those of our other reportable segments, which primarily rely on third party distributors, for which all costs are included in cost of sales.

Table of Contents

## Segment Information and Supplemental Analysis

The following table summarizes financial information for our six current reportable segments for the three months ended June 30, 2012 and 2011:

|                                     | Three months ended June 30, |            |      | As a         |              |   |
|-------------------------------------|-----------------------------|------------|------|--------------|--------------|---|
|                                     | 2012                        | As a       | 2011 | Percentage   | As a         |   |
|                                     |                             | Percentage |      | of Net Sales | Percentage   |   |
|                                     | (dollars in thousands)      |            |      | of Net Sales | of Net Sales |   |
| Net Sales                           |                             |            |      |              |              |   |
| Packaging                           | \$70,700                    | 20.9       | %    | \$47,900     | 16.6         | % |
| Energy                              | 47,170                      | 13.9       | %    | 42,170       | 14.7         | % |
| Aerospace & Defense                 | 19,330                      | 5.7        | %    | 21,330       | 7.4          | % |
| Engineered Components               | 52,620                      | 15.6       | %    | 43,860       | 15.2         | % |
| Cequent Asia Pacific                | 28,550                      | 8.4        | %    | 21,560       | 7.5          | % |
| Cequent North America               | 120,060                     | 35.5       | %    | 111,270      | 38.6         | % |
| Total                               | \$338,430                   | 100.0      | %    | \$288,090    | 100.0        | % |
| Gross Profit                        |                             |            |      |              |              |   |
| Packaging                           | \$24,990                    | 35.3       | %    | \$21,060     | 44.0         | % |
| Energy                              | 12,040                      | 25.5       | %    | 11,590       | 27.5         | % |
| Aerospace & Defense                 | 7,610                       | 39.4       | %    | 7,820        | 36.7         | % |
| Engineered Components               | 11,810                      | 22.4       | %    | 9,450        | 21.5         | % |
| Cequent Asia Pacific                | 4,920                       | 17.2       | %    | 4,670        | 21.7         | % |
| Cequent North America               | 34,520                      | 28.8       | %    | 33,700       | 30.3         | % |
| Total                               | \$95,890                    | 28.3       | %    | \$88,290     | 30.6         | % |
| Selling, General and Administrative |                             |            |      |              |              |   |
| Packaging                           | \$8,420                     | 11.9       | %    | \$5,990      | 12.5         | % |
| Energy                              | 7,680                       | 16.3       | %    | 6,550        | 15.5         | % |
| Aerospace & Defense                 | 2,790                       | 14.4       | %    | 2,910        | 13.6         | % |
| Engineered Components               | 3,210                       | 6.1        | %    | 2,840        | 6.5          | % |
| Cequent Asia Pacific                | 2,920                       | 10.2       | %    | 2,750        | 12.8         | % |
| Cequent North America               | 19,040                      | 15.9       | %    | 19,320       | 17.4         | % |
| Corporate expenses                  | 8,650                       | N/A        |      | 7,110        | N/A          |   |
| Total                               | \$52,710                    | 15.6       | %    | \$47,470     | 16.5         | % |
| Operating Profit (Loss)             |                             |            |      |              |              |   |
| Packaging                           | \$16,570                    | 23.4       | %    | \$15,070     | 31.5         | % |
| Energy                              | 4,350                       | 9.2        | %    | 5,020        | 11.9         | % |
| Aerospace & Defense                 | 4,820                       | 24.9       | %    | 4,860        | 22.8         | % |
| Engineered Components               | 8,600                       | 16.3       | %    | 6,620        | 15.1         | % |
| Cequent Asia Pacific                | 2,010                       | 7.0        | %    | 1,940        | 9.0          | % |
| Cequent North America               | 15,500                      | 12.9       | %    | 14,380       | 12.9         | % |
| Corporate expenses                  | (8,650)                     | N/A        |      | (7,110)      | N/A          |   |
| Total                               | \$43,200                    | 12.8       | %    | \$40,780     | 14.2         | % |
| Depreciation and Amortization       |                             |            |      |              |              |   |
| Packaging                           | \$4,730                     | 6.7        | %    | \$3,090      | 6.5          | % |
| Energy                              | 610                         | 1.3        | %    | 640          | 1.5          | % |
| Aerospace & Defense                 | 700                         | 3.6        | %    | 630          | 3.0          | % |
| Engineered Components               | 910                         | 1.7        | %    | 1,000        | 2.3          | % |
| Cequent Asia Pacific                | 750                         | 2.6        | %    | 940          | 4.4          | % |
| Cequent North America               | 3,480                       | 2.9        | %    | 3,010        | 2.7          | % |

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|                    |           |     |            |     |   |
|--------------------|-----------|-----|------------|-----|---|
| Corporate expenses | 40        | N/A | 40         | N/A |   |
| Total              | \$ 11,220 | 3.3 | % \$ 9,350 | 3.2 | % |

34

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Table of Contents

The following table summarizes financial information for our six current reportable segments for the six months ended June 30, 2012 and 2011:

|                                     | Six months ended June 30, |                              |   |            | As a                         |   |
|-------------------------------------|---------------------------|------------------------------|---|------------|------------------------------|---|
|                                     | 2012                      | As a Percentage of Net Sales |   | 2011       | As a Percentage of Net Sales |   |
|                                     | (dollars in thousands)    |                              |   |            |                              |   |
| Net Sales                           |                           |                              |   |            |                              |   |
| Packaging                           | \$ 125,010                | 19.7                         | % | \$ 91,800  | 16.8                         | % |
| Energy                              | 97,760                    | 15.4                         | % | 83,120     | 15.2                         | % |
| Aerospace & Defense                 | 37,190                    | 5.8                          | % | 39,830     | 7.3                          | % |
| Engineered Components               | 102,300                   | 16.1                         | % | 80,860     | 14.8                         | % |
| Cequent Asia Pacific                | 56,750                    | 8.9                          | % | 41,370     | 7.6                          | % |
| Cequent North America               | 216,990                   | 34.1                         | % | 209,670    | 38.3                         | % |
| Total                               | \$ 636,000                | 100.0                        | % | \$ 546,650 | 100.0                        | % |
| Gross Profit                        |                           |                              |   |            |                              |   |
| Packaging                           | \$ 43,690                 | 34.9                         | % | \$ 39,190  | 42.7                         | % |
| Energy                              | 25,360                    | 25.9                         | % | 23,140     | 27.8                         | % |
| Aerospace & Defense                 | 15,070                    | 40.5                         | % | 14,390     | 36.1                         | % |
| Engineered Components               | 22,490                    | 22.0                         | % | 16,490     | 20.4                         | % |
| Cequent Asia Pacific                | 11,230                    | 19.8                         | % | 9,890      | 23.9                         | % |
| Cequent North America               | 56,960                    | 26.3                         | % | 57,010     | 27.2                         | % |
| Total                               | \$ 174,800                | 27.5                         | % | \$ 160,110 | 29.3                         | % |
| Selling, General and Administrative |                           |                              |   |            |                              |   |
| Packaging                           | \$ 17,230                 | 13.8                         | % | \$ 12,280  | 13.4                         | % |
| Energy                              | 14,600                    | 14.9                         | % | 12,780     | 15.4                         | % |
| Aerospace & Defense                 | 5,390                     | 14.5                         | % | 5,760      | 14.5                         | % |
| Engineered Components               | 6,470                     | 6.3                          | % | 5,310      | 6.6                          | % |
| Cequent Asia Pacific                | 6,190                     | 10.9                         | % | 5,450      | 13.2                         | % |
| Cequent North America               | 37,340                    | 17.2                         | % | 35,920     | 17.1                         | % |
| Corporate expenses                  | 15,960                    | N/A                          |   | 13,510     | N/A                          |   |
| Total                               | \$ 103,180                | 16.2                         | % | \$ 91,010  | 16.6                         | % |
| Operating Profit (Loss)             |                           |                              |   |            |                              |   |
| Packaging                           | \$ 26,460                 | 21.2                         | % | \$ 26,900  | 29.3                         | % |
| Energy                              | 10,740                    | 11.0                         | % | 10,360     | 12.5                         | % |
| Aerospace & Defense                 | 9,680                     | 26.0                         | % | 8,580      | 21.5                         | % |
| Engineered Components               | 16,310                    | 15.9                         | % | 11,280     | 14.0                         | % |
| Cequent Asia Pacific                | 5,050                     | 8.9                          | % | 4,470      | 10.8                         | % |
| Cequent North America               | 19,660                    | 9.1                          | % | 21,050     | 10.0                         | % |
| Corporate expenses                  | (15,960 )                 | N/A                          |   | (13,510 )  | N/A                          |   |
| Total                               | \$ 71,940                 | 11.3                         | % | \$ 69,130  | 12.6                         | % |
| Depreciation and Amortization       |                           |                              |   |            |                              |   |
| Packaging                           | 8,660                     | 6.9                          | % | 6,170      | 6.7                          | % |
| Energy                              | 1,320                     | 1.4                          | % | 1,330      | 1.6                          | % |
| Aerospace & Defense                 | 1,370                     | 3.7                          | % | 1,270      | 3.2                          | % |
| Engineered Components               | 1,810                     | 1.8                          | % | 1,800      | 2.2                          | % |
| Cequent Asia Pacific                | 1,630                     | 2.9                          | % | 1,860      | 4.5                          | % |
| Cequent North America               | 7,000                     | 3.2                          | % | 6,020      | 2.9                          | % |
| Corporate expenses                  | 80                        | N/A                          |   | 80         | N/A                          |   |

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|       |        |     |   |        |     |   |
|-------|--------|-----|---|--------|-----|---|
| Total | 21,870 | 3.4 | % | 18,530 | 3.4 | % |
|-------|--------|-----|---|--------|-----|---|

35

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## Table of Contents

### Results of Operations

The principal factors impacting us during the three months ended June 30, 2012, compared with the three months ended June 30, 2011, were:

- market share gains and new product introductions in the second quarter of 2012, primarily within our Energy, Engineered Components, Cequent Asia Pacific and Cequent North America reportable segments;
- the impact of our Innovative Molding and Arminak & Associates, LLC ("Arminak") acquisitions in our Packaging reportable segment;
- footprint consolidation and relocation projects within our Cequent North America and Cequent Asia Pacific reportable segments, under which we incurred approximately \$2.5 million of manufacturing inefficiency, facility move and duplicate costs during the second quarter of 2012;
- continued economic strength in certain of the markets our businesses serve in the second quarter of 2012 compared to the second quarter of 2011, contributing to increased net sales in five of our six reportable segments; and
- our equity offering during the second quarter of 2012, where we issued 4,000,000 shares of common stock for net proceeds of approximately \$79.0 million, of which approximately \$54.9 million was utilized to redeem \$50.0 million aggregate principal amount of our 9¾% senior secured notes due 2017.

### Three Months Ended June 30, 2012 Compared with Three Months Ended June 30, 2011

Overall, net sales increased approximately \$50.3 million, or approximately 17.5%, to \$338.4 million for the three months ended June 30, 2012, as compared with \$288.1 million in the three months ended June 30, 2011. During the second quarter of 2012, net sales increased in all segments except our Aerospace and Defense reportable segment. Of the sales increase, approximately \$26.4 million was due to our Innovative Molding and Arminak acquisitions, both of which are included within our Packaging reportable segment. The remainder of the increase in sales levels between years was due to continued market share gains, primarily in the Energy, Engineered Components and Cequent North America reportable segments, our expansion in international markets, primarily in our Energy and Cequent Asia Pacific reportable segments, our new product introductions and related growth, primarily in our Engineered Components and Cequent Asia Pacific reportable segments and the impact of continued economic strength in certain of our end markets. These sales increases were partially offset by approximately \$3.3 million of unfavorable currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the weaker U.S. dollar relative to foreign currencies, primarily in our Packaging and Cequent Asia Pacific reportable segments.

Gross profit margin (gross profit as a percentage of sales) approximated 28.3% and 30.6% for the three months ended June 30, 2012 and 2011, respectively. The gross profit margin in our Aerospace & Defense and Engineered Components reportable segments improved by 270 basis points and 90 basis points, respectively, compared to the second quarter of 2011, due primarily to operating leverage on higher sales levels within our Engineered Components reportable segment and a more favorable product sales mix within our Aerospace & Defense reportable segment, as the higher margin temporary fastener products comprise a larger percentage of the sales year-over-year. Increases in gross profit margin in these two reportable segments were more than offset by declines in gross profit margins in our other reportable segments. Gross profit margin in our Packaging reportable segment declined primarily as our recent acquisitions have lower margins than the segment's historical margins. Gross profit margin in our Cequent Asia Pacific and Cequent North America reportable segments was negatively impacted by approximately \$2.5 million of costs incurred related to our manufacturing facility footprint consolidation and relocation projects. While we continue to generate significant savings from capital investments, productivity projects and lean initiatives, particularly in our Packaging and Aerospace & Defense reportable segments, the savings from those projects has primarily been offset by economic cost increases and our investment in growth initiatives, as our gross profit margins, particularly in our Energy reportable segment, are lower when we open facilities in new geographies and aggressively price these products to gain market penetration plus do not gain the operating leverage on our fixed costs until projected sales volumes are achieved in the future.

Operating profit margin (operating profit as a percentage of sales) approximated 12.8% and 14.2% for the three months ended June 30, 2012 and 2011, respectively. Operating profit increased approximately \$2.4 million, or 5.9%, to \$43.2 million for the three months ended June 30, 2012, from \$40.8 million for the three months ended June 30,

2011, primarily the result of higher sales levels. Our operating margins declined, primarily due to decreases in margins in our Packaging, Energy and Ceqent Asia Pacific reportable segments, resulting from lower margins associated with our recent acquisitions in the Packaging reportable segment, higher costs associated with our global growth initiatives in our Energy reportable segment and due to costs incurred associated with our manufacturing facility footprint consolidation and relocation projects in our Ceqent Asia Pacific reportable

## Table of Contents

segment.

Interest expense decreased approximately \$1.3 million, to \$10.3 million, for the three months ended June 30, 2012, as compared to \$11.6 million for the three months ended June 30, 2011. The decrease in interest expense was primarily the result of a decrease in our effective weighted average interest rate on variable rate U.S. borrowings, including our accounts receivable facility, to approximately 3.9% for the three months ended June 30, 2012, from 5.1% for the three months ended June 30, 2011. In addition, interest expense declined due to a decrease in our weighted-average U.S. variable rate borrowings to approximately \$274.6 million in the three months ended June 30, 2012, from approximately \$296.0 million in the three months ended June 30, 2011.

Debt extinguishment costs of approximately \$6.6 million were incurred related to the partial redemption of our senior secured notes in the three months ended June 30, 2012. During the three months ended June 30, 2011, approximately \$4.0 million was incurred related to the refinance of our U.S. credit agreement.

Other expense, net increased approximately \$0.3 million, to \$0.9 million for the three months ended June 30, 2012, compared to \$0.6 million for the three months ended June 30, 2011. This increase related primarily to incremental losses on transactions denominated in foreign currencies in the three months ended June 30, 2012 compared to the three months ended June 30, 2011.

The effective income tax rates for the three months ended June 30, 2012 and 2011 were 32.5% and 35.0%, respectively. The reduction in the rate was primarily driven by an overall lower foreign effective tax rate in the three months ended June 30, 2012 as compared to the three months ended June 30, 2011.

Net income from continuing operations increased by approximately \$1.2 million, to \$17.2 million for the three months ended June 30, 2012, compared to \$16.0 million for the three months ended June 30, 2011. The increase was primarily the result of a \$1.3 million reduction in interest expense, plus the \$2.4 million increase in operating profit, plus a \$0.4 million reduction in income tax expense, less the \$2.6 million increase in debt extinguishment costs, less the \$0.3 million increase in other expense, net.

Net income attributable to noncontrolling interest was \$0.5 million for the three months ended June 30, 2012, as a result of our 70% acquisition in Arminak in February 2012, which represents the 30% interest not attributed to TriMas Corporation.

See below for a discussion of operating results by segment.

**Packaging.** Net sales increased approximately \$22.8 million, or 47.6%, to \$70.7 million in the three months ended June 30, 2012, as compared to \$47.9 million in the three months ended June 30, 2011. Sales increased approximately \$10.4 million and \$16.0 million as a result of our acquisitions of Innovative Molding in August 2011 and Arminak in February 2012, respectively. In addition, sales of our specialty systems products increased by approximately \$1.0 million, primarily due to increased demand from our North American dispensing customers. These increases in sales were partially offset by a decrease in sales of our industrial closures, rings and levers of approximately \$3.0 million, primarily due to lower sales levels in Europe as a result of current weak economic conditions. In addition, sales decreased by approximately \$1.6 million due to unfavorable currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the weaker U.S. dollar relative to foreign currencies.

Packaging's gross profit increased approximately \$3.9 million to \$25.0 million, or 35.3% of sales, in the three months ended June 30, 2012, as compared to \$21.1 million, or 44.0% of sales, in the three months ended June 30, 2011, primarily due to the higher sales levels as a result of our acquisitions. However, gross profit margin declined by approximately 570 basis points as a result of our recent acquisitions, as Innovative Molding and Arminak both yield lower gross margins than the legacy Packaging business. While this segment continues to generate savings from its productivity and automation initiatives, the savings from these projects were more than offset by further reductions in gross profit resulting from a less favorable product sales mix, primarily as a result of the decline in European industrial product sales. Gross profit also decreased by approximately \$0.6 million due to unfavorable currency exchange.

Packaging's selling, general and administrative expenses increased approximately \$2.4 million to \$8.4 million, or 11.9% of sales, in the three months ended June 30, 2012, as compared to \$6.0 million, or 12.5% of sales, in the three months ended June 30, 2011. This segment incurred approximately \$1.0 million of intangible asset amortization costs for both Arminak and Innovative Molding during the second quarter of 2012. The remainder of the increase compared

to the three months ended June 30, 2011 is primarily related to operating selling, general and administrative expenses in the two acquired companies. However, selling, general and administrative expenses decreased as a percentage of sales primarily due to the operating leverage gained on the higher sales levels.

Packaging's operating profit increased approximately \$1.5 million to \$16.6 million, or 23.4% of sales, in the three months ended June 30, 2012, as compared to \$15.1 million, or 31.5% of sales, in three months ended June 30, 2011. Operating profit increased primarily due to our higher sales levels as a result of our acquisitions, which were partially offset by a less favorable product sales mix, primarily resulting from the European industrial product sales decline and higher selling, general and administrative costs related to the aforementioned acquisitions.

## Table of Contents

**Energy.** Net sales for the three months ended June 30, 2012 increased approximately \$5.0 million, or 11.9%, to \$47.2 million, as compared to \$42.2 million in the three months ended June 30, 2011. Of this increase, approximately \$1.4 million was due to continued market share gains within our highly-engineered bolt product line and \$1.7 million resulted from sales generated by our new Edmonton, Canada; Grimsby, UK; Midland, Michigan; Minneapolis, Minnesota; Tarragona, Spain; and Singapore branch facilities. The remaining \$1.9 million was primarily due to increased levels of turnaround activity at refineries and petrochemical plants and increased activity with upstream/midstream customers.

Gross profit within Energy increased approximately \$0.4 million to \$12.0 million, or 25.5% of sales, in the three months ended June 30, 2012, as compared to \$11.6 million, or 27.5% of sales, in the three months ended June 30, 2011, primarily due to higher sales levels. However, gross profit margins declined year-over-year due to a less favorable product sales mix and a higher percentage of sales generated from our new branches, which have lower margins due to aggressively pricing products to penetrate new markets in addition to incurring launch costs, including employee training of manufacturing processes. Also negatively impacting gross profit margins were operational inefficiencies that lowered fixed cost absorption during the second quarter of 2012, caused by significant intra-period fluctuations in customer demand, requiring a higher degree than normal of flexibility in the manufacturing process to meet the demand.

Selling, general and administrative expenses within Energy increased approximately \$1.1 million to \$7.7 million, or 16.3% of sales, in the three months ended June 30, 2012, as compared to \$6.6 million, or 15.5% of sales, in the three months ended June 30, 2011, primarily due to higher employee costs and professional fees in support of our growth initiatives.

Overall, operating profit within Energy decreased approximately \$0.6 million to \$4.4 million, or 9.2% of sales, in the three months ended June 30, 2012, as compared to \$5.0 million, or 11.9% of sales, in the three months ended June 30, 2011, due principally to a less favorable product sales mix, continued increases in sales in our new branches, which typically have lower margins as they penetrate new markets and higher selling, general and administrative expenses in support of our growth initiatives.

**Aerospace & Defense.** Net sales for the three months ended June 30, 2012 decreased approximately \$2.0 million, or 9.4%, to \$19.3 million, as compared to \$21.3 million in the three months ended June 30, 2011. Sales in our aerospace business increased approximately \$1.7 million, primarily due to higher sales levels in our blind bolt and temporary fastener product lines as a result of increased demand from our distribution customers in response to new programs and increased activity with airplane frame manufacturers, as well as the recent introduction of new products and sales growth in China. This increase was more than offset by a decrease in sales in our defense business of approximately \$3.7 million, primarily associated with managing the relocation to and establishment of the new defense facility, which is now in the final stages of completion.

Gross profit within Aerospace & Defense decreased approximately \$0.2 million to \$7.6 million, or 39.4% of sales, in the three months ended June 30, 2012, from \$7.8 million, or 36.7% of sales, in the three months ended June 30, 2011. Gross profit for our aerospace business increased by approximately \$0.7 million, primarily as a result of increased sales levels and productivity initiatives associated with implementation of additional process automation to gain labor productivity and reduce indirect production costs. This increase was more than offset by a decrease in gross profit for our defense business of \$0.9 million due to the decreased sales levels associated with managing the relocation to and establishment of the new defense facility. Although overall gross profit dollars decreased, gross profit margin for this segment increased in the second quarter of 2012 as compared to the second quarter of 2011, primarily due to a more favorable sales mix resulting from an increase in percentage of sales from higher-margin aerospace products.

Selling, general and administrative expenses decreased approximately \$0.1 million to \$2.8 million, or 14.4% of sales, in the three months ended June 30, 2012, as compared to \$2.9 million, or 13.6% of sales, in the three months ended June 30, 2011, primarily as our aerospace business was able to hold its spending levels constant despite the increase in sales, and the defense business had few changes in its structure given the winding-down of the relocation contract.

Operating profit within Aerospace & Defense decreased approximately \$0.1 million to \$4.8 million, or 24.9% of sales, in the three months ended June 30, 2012, as compared to \$4.9 million, or 22.8% of sales, in the three months ended June 30, 2011 as both gross profit and selling, general and administrative expenses were essentially flat. Operating

profit margin increased primarily due to the productivity gains in our aerospace business and the more favorable product mix, resulting from an increase in percentage of sales from higher-margin aerospace products.

Table of Contents

**Engineered Components.** Net sales for the three months ended June 30, 2012 increased approximately \$8.7 million, or 20.0%, to \$52.6 million, as compared to \$43.9 million in the three months ended June 30, 2011. Sales of slow speed and compressor engines and related products increased by approximately \$6.6 million, as sales of engines and engine parts increased by approximately \$5.0 million due to increased oil drilling activity and completion of previously drilled wells. Sales of gas compression products and processing and meter run equipment increased by approximately \$1.6 million, as we continue to introduce new products to add to our well-site content. Sales in our industrial cylinder business increased by approximately \$2.2 million, primarily due to continued market share gains, which we believe were partially aided by recent competitive balance in the high pressure cylinder market following the International Trade Commission's ("ITC's") May 2012 imposition of antidumping and countervailing duties on imported high pressure cylinders. This increase was partially offset by lower large high pressure cylinder sales as compared to the second quarter of 2011.

Gross profit within Engineered Components increased approximately \$2.3 million to \$11.8 million, or 22.4% of sales, in the three months ended June 30, 2012, from \$9.5 million, or 21.5% of sales, in the three months ended June 30, 2011. Gross profit increased approximately \$1.9 million as a result of the higher sales levels. In addition, our engine business increased its gross profit margin by approximately 250 basis points as compared to the second quarter of 2011, as it continues to benefit from significant operating leverage, as sales increased without significant additional fixed cost requirements.

Selling, general and administrative expenses increased approximately \$0.4 million to \$3.2 million, or 6.1% of sales, in the three months ended June 30, 2012, as compared to \$2.8 million, or 6.5% of sales, in the three months ended June 30, 2011, primarily as a result of increased selling costs incurred in support of our sales growth projects and legal fees in our industrial cylinder business associated with the antidumping claim. However, selling, general and administrative expenses as a percentage of sales decreased due to the operating leverage gained on higher sales levels. Operating profit within Engineered Components increased approximately \$2.0 million to \$8.6 million, or 16.3% of sales, in the three months ended June 30, 2012, as compared to operating profit of \$6.6 million, or 15.1% of sales, in the three months ended June 30, 2011, primarily due to the higher sales levels between years and higher operating leverage in our engine business, which were partially offset by higher selling, general and administrative expenses in support of our sales growth initiatives.

**Cequent Asia Pacific.** Net sales increased approximately \$7.0 million, or 32.4%, to \$28.6 million in the three months ended June 30, 2012, as compared to \$21.6 million in the three months ended June 30, 2011. Net sales were negatively impacted by approximately \$1.4 million of 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. Excluding the impact of currency exchange, sales increased approximately \$8.4 million. Of this increase, approximately \$5.7 million was due to new business awards in Thailand and \$0.9 million was due to the BTM acquisition in South Africa, completed during the fourth quarter of 2011. The economy in this region began to stabilize during the second half of 2011 following the late 2010 / early 2011 flooding in Queensland, Australia and the tsunami in Japan, both of which negatively impacted sales levels throughout the first six months of 2011. The second quarter of 2012 has also been aided by improved consumer spending and increased vehicle availability.

Cequent Asia Pacific's gross profit increased approximately \$0.3 million to \$4.9 million, or 17.2% of sales, in the three months ended June 30, 2012, from approximately \$4.7 million, or 21.7% of sales, in the three months ended June 30, 2011, primarily due to higher sales levels. However, gross profit margins declined due to approximately \$1.4 million of manufacturing inefficiencies and duplicate costs incurred directly related to the consolidation of two existing manufacturing facilities into one new manufacturing facility in Australia, which was completed during the second quarter of 2012, and as a result of a less favorable product sales mix.

Selling, general and administrative expenses increased approximately \$0.2 million to \$2.9 million, or 10.2% of sales, in the three months ended June 30, 2012, as compared to \$2.8 million, or 12.8% of sales, in the three months ended June 30, 2011, primarily in support of our growth initiatives, including the normal operating selling, general and administrative costs related to BTM. However, selling, general and administrative expenses declined by 260 basis points year-over-year as a percentage of sales due to the operating leverage gained on the higher sales levels.

Cequent Asia Pacific's operating profit increased approximately \$0.1 million to approximately \$2.0 million, or 7.0% of sales, in the three months ended June 30, 2012 as compared to \$1.9 million, or 9.0% of net sales, in the three months ended June 30, 2011, primarily as the profit earned on the higher sales levels was mostly offset by the manufacturing inefficiencies incurred related to the move to a new manufacturing facility and slightly higher selling, general and administrative expenses in support of our sales growth initiatives.

Table of Contents

Cequent North America. Net sales increased approximately \$8.8 million, or 7.9%, to \$120.1 million in the three months ended June 30, 2012, as compared to \$111.3 million in the three months ended June 30, 2011, primarily due to year-over-year increases within our auto original equipment ("OE"), aftermarket, industrial, retail and international channels. Sales within our auto OE channel increased \$2.8 million in the second quarter of 2012 compared to the second quarter of 2011, as we increased sales levels on both brake control and core hitches to our original equipment customers. Sales within our aftermarket channel increased \$2.0 million in the second quarter of 2012 as compared to 2011, predominately in the internet retailer market. Sales within our industrial channel increased by \$2.7 million in the second quarter of 2012 compared to the second quarter of 2011, primarily in the industrial OE market. Sales within our retail channel increased by approximately \$1.0 million in the second quarter of 2012 compared to the second quarter of 2011, primarily due to sales related to our new broom and brush product line. The remaining sales increase was primarily due to our international channel.

Cequent North America's gross profit increased approximately \$0.8 million to \$34.5 million, or 28.8% of sales, in the three months ended June 30, 2012, from approximately \$33.7 million, or 30.3% of sales, in the three months ended June 30, 2011. While gross profit increased year-over-year due to the sales increase, gross profit margin decreased primarily due to approximately \$1.1 million in costs incurred during the second quarter of 2012 related to the expansion of our manufacturing capacity and footprint in our lower cost country facilities and subsequent move of certain OE production thereto. In addition, gross profit margins were further reduced by a less favorable product sales mix, with a higher percentage of sales in the auto OE channel than the aftermarket channel in the second quarter of 2012 compared to the second quarter of 2011.

Selling, general and administrative expenses decreased approximately \$0.3 million to \$19.0 million, or 15.9% of sales, in the three months ended June 30, 2012, as compared to \$19.3 million, or 17.4% of sales, in the three months ended June 30, 2011, primarily as a result of the timing of sales promotions and advertising and lower attorney costs, partially offset by higher employee costs in support of our growth initiatives.

Cequent North America's operating profit increased approximately \$1.1 million to \$15.5 million, or 12.9% of sales, in the three months ended June 30, 2012 as compared to \$14.4 million, or 12.9% of net sales, in the three months ended June 30, 2011, as the increases in operating profit associated with the higher sales levels and decreases in selling, general and administrative expenses were partially offset by costs incurred related to the footprint and lower cost country project and a less favorable product sales mix.

Corporate Expenses. Corporate expenses consist of the following:

|                                     | Three months ended June 30, |       |
|-------------------------------------|-----------------------------|-------|
|                                     | 2012                        | 2011  |
|                                     | (in millions)               |       |
| Corporate operating expenses        | \$3.7                       | \$2.8 |
| Employee costs and related benefits | 5.0                         | 4.3   |
| Corporate expenses                  | \$8.7                       | \$7.1 |

Corporate expenses increased approximately \$1.6 million to \$8.7 million for the three months ended June 30, 2012, from \$7.1 million for the three months ended June 30, 2011. The increase between years is primarily attributed to an increase in third party professional fees, primarily supporting our international growth efforts, and higher employee costs and related benefits associated with short and long-term incentive programs in the second quarter of 2012 as compared to the second quarter of 2011.

Discontinued Operations. The results of discontinued operations consists of our precision tool cutting and specialty fitting lines of business, which were sold in December 2011. There was no income from discontinued operations, net of income taxes, for the three months ended June 30, 2012, as compared to \$1.1 million for the three months ended June 30, 2011. See Note 3, "Discontinued Operations and Assets Held for Sale," to our consolidated financial statements included in Part I, Item 1 of this quarterly report on Form 10-Q.



## Table of Contents

### Six Months Ended June 30, 2012 Compared with Six Months Ended June 30, 2011

Overall, net sales increased approximately \$89.4 million, or approximately 16.3%, to \$636.0 million for the six months ended June 30, 2012, as compared with \$546.7 million in the six months ended June 30, 2011. During the first half of 2012, net sales increased in all segments except our Aerospace & Defense reportable segment. Of the sales increase, approximately \$40.6 million was due to our Innovative Molding and Arminak acquisitions, both of which are included within our Packaging reportable segment. The remainder of the increase in sales levels between years was due to continued market share gains, primarily in the Energy, Engineered Components and Cequent North America reportable segments, our expansion in international markets, primarily in our Energy and Cequent Asia Pacific reportable segments, our new product introductions and related growth, primarily in our Engineered Components and Cequent Asia Pacific reportable segments and the impact of continued economic strength in certain of our end markets.

Gross profit margin (gross profit as a percentage of sales) approximated 27.5% and 29.3% for the six months ended June 30, 2012 and 2011, respectively. The gross profit margin in our Aerospace & Defense and Engineered Components reportable segments improved by 440 basis points and 160 basis points, respectively, compared to the first half of 2011, due primarily to operating leverage on higher sales levels and a more favorable product sales mix. Increases in gross profit margin in these two reportable segments were more than offset by declines in gross profit margins in our other reportable segments and a mix shift, as our historically lower gross profit margin reportable segments comprised a greater percentage of total Company sales in the first half of 2012 than in the first half of 2011. In addition, gross profit margin in our Packaging reportable segment declined due to approximately \$1.7 million of purchase accounting adjustments related to step-up in value and subsequent amortization of inventory and intangible assets for our Arminak acquisition. Also, our first half 2012 gross profit margin was negatively impacted by approximately \$4.0 million of costs incurred related to our manufacturing facility footprint consolidation and relocation projects in our Cequent Asia Pacific and Cequent North America reportable segments. While we continue to generate significant savings from capital investments, productivity projects and lean initiatives, particularly in our Packaging and Aerospace & Defense reportable segments, the savings from those projects has primarily been offset by economic cost increases and our investment in growth initiatives, as our gross profit margins, particularly in our Energy reportable segment, are lower when we open facilities in new geographies and aggressively price these products to gain market penetration plus do not gain the operating leverage on our fixed costs until projected sales volumes are achieved in the future.

Operating profit margin (operating profit as a percentage of sales) approximated 11.3% and 12.6% for the six months ended June 30, 2012 and 2011, respectively. Operating profit increased approximately \$2.8 million, or 4.1%, to \$71.9 million for the six months ended June 30, 2012, from \$69.1 million for the six months ended June 30, 2011, primarily as a result of the higher sales levels. Our operating margins declined, primarily due to the sales mix shift between our reportable segments, with our lower margin reportable segments comprising a greater percentage of total sales, costs incurred associated with our Arminak acquisition in February 2012, costs incurred associated with our manufacturing facility footprint consolidation and relocation projects in both of our Cequent reportable segments and increased selling, general and administrative expenses related to acquisitions and to support our sales growth initiatives.

Interest expense decreased approximately \$2.6 million, to \$21.0 million, for the six months ended June 30, 2012, as compared to \$23.6 million for the six months ended June 30, 2011. The decrease in interest expense was primarily the result of a decrease in our effective weighted average interest rate on variable rate U.S. borrowings, including our accounts receivable facility, to approximately 4.0% for the six months ended June 30, 2012, from 5.2% for the six months ended June 30, 2011. We also recorded approximately \$0.3 million lower interest expense related to changes in the fair value of our interest rate swaps in 2012 compared to 2011. In addition, interest expense declined due to a decrease in our weighted-average U.S. borrowings to approximately \$271.0 million in the six months ended June 30, 2012, from approximately \$294.4 million in the six months ended June 30, 2011.

Debt extinguishment costs of approximately \$6.6 million were incurred related to the partial redemption of our senior secured notes in the first half of 2012. During the first half of 2011, approximately \$4.0 million was incurred related to the refinance of our U.S. credit agreement.

Other expense, net increased approximately \$0.8 million, to \$2.6 million for the six months ended June 30, 2012, compared to \$1.7 million for the six months ended June 30, 2011. This increase relates primarily to incremental losses on transactions denominated in foreign currencies in the first half of 2012 compared to the first half of 2011.

The effective income tax rates for the six months ended June 30, 2012 and 2011 were 29.7% and 32.9%, respectively. During the six months ended June 30, 2012 and 2011, we recorded net tax benefits primarily related to the change of uncertain tax position reserves for which the statute of limitations expired of approximately \$1.3 million and \$1.0 million, respectively. We also benefited from an overall lower foreign effective tax rate in the six months ended June 30, 2012 as compared to the six months ended June 30, 2011.

## Table of Contents

Net income from continuing operations increased by approximately \$2.7 million, to \$29.4 million for the six months ended June 30, 2012, compared to \$26.7 million for the six months ended June 30, 2011. The increase was primarily a result of the \$2.8 million increase in operating profit, plus the \$2.6 million reduction in interest expense, plus the \$0.7 million decrease in income tax expense, less the \$2.6 million increase in debt extinguishment costs, less the \$0.8 million increase in other expense.

Net income attributable to noncontrolling interest was \$0.3 million for the six months ended June 30, 2012, as a result of our 70% acquisition in Arminak in February 2012, which represents the 30% interest not attributed to TriMas Corporation.

See below for a discussion of operating results by segment.

**Packaging.** Net sales increased approximately \$33.2 million, or 36.2%, to \$125.0 million in the six months ended June 30, 2012, as compared to \$91.8 million in the six months ended June 30, 2011. Sales increased approximately \$19.2 million and \$21.4 million as a result of our acquisitions of Innovative Molding in August 2011 and Arminak in February 2012, respectively. In addition, sales of our specialty systems products increased by approximately \$0.8 million, as an increase in North American sales more than offset a decline in European sales. These increases in sales were partially offset by a decrease in sales of our industrial closures, rings and levers of approximately \$6.1 million, primarily due to continued weak demand in Europe and North America from chemical companies as they manage through uncertain end-market demand. In addition, sales decreased by approximately \$2.1 million due to unfavorable currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the weaker U.S. dollar relative to foreign currencies.

Packaging's gross profit increased approximately \$4.5 million to \$43.7 million, or 34.9% of sales, in the six months ended June 30, 2012, as compared to \$39.2 million, or 42.7% of sales, in the six months ended June 30, 2011. Gross profit increased primarily due to the higher sales levels as a result of our acquisitions of Innovative Molding and Arminak. However, gross profit margin declined, as we incurred approximately \$1.7 million of purchase accounting-related adjustments during the six months ended June 30, 2012 related to step-up in value and subsequent amortization of inventory and intangible assets in connection with our Arminak acquisition. Gross profit margin further declined due to the product sales mix, as Innovative Molding and Arminak both yield lower gross margins than the legacy Packaging business. While this segment continues to generate savings from its productivity and automation initiatives, the savings from these projects was more than offset by further reductions in gross profit resulting from lower fixed cost absorption resulting from reduced industrial product sales. In addition, gross profit margin further declined as a result of unfavorable currency exchange of approximately \$0.8 million during the six months ended June 30, 2012.

Packaging's selling, general and administrative expenses increased approximately \$5.0 million to \$17.2 million, or 13.8% of sales, in the six months ended June 30, 2012, as compared to \$12.3 million, or 13.4% of sales, in the six months ended June 30, 2011. This segment incurred approximately \$1.0 million in combined travel, legal, finance and other diligence costs associated with consummating the acquisition of Arminak and approximately \$1.4 million of intangible asset amortization costs for both Arminak and Innovative Molding. The remainder of the year-over-year increase is primarily related to operating selling, general and administrative expenses in the two acquired companies. Excluding these acquisition-related costs, selling, general and administrative expenses declined as a percentage of sales.

Packaging's operating profit decreased approximately \$0.4 million to \$26.5 million, or 21.2% of sales, in the six months ended June 30, 2012, as compared to \$26.9 million, or 29.3% of sales, in the six months ended June 30, 2011. The decrease in both operating profit and operating profit margin is primarily due to the aforementioned purchase accounting adjustments and acquisition costs, with the operating profit dollar decline also unfavorably impacted by the unfavorable product sales mix, lower absorption of fixed costs due to the industrial product sales decline and as a result of the addition of normal operating selling, general and administrative costs related to the acquisitions of Arminak and Innovative Molding.

**Energy.** Net sales for the six months ended June 30, 2012 increased approximately \$14.6 million, or 17.6%, to \$97.8 million, as compared to \$83.1 million in the six months ended June 30, 2011. Of this increase, approximately \$4.9 million was due to continued market share gains within our highly-engineered bolt product line and \$2.7 million

resulted from sales generated by our new Edmonton, Canada; Grimsby, UK; Midland, Michigan; Minneapolis, Minnesota; Tarragona, Spain; and Singapore branch facilities. The remaining \$7.1 million was primarily due to increased levels of turnaround activity at refineries and petrochemical plants and increased activity with upstream/midstream customers.

Gross profit within Energy increased approximately \$2.3 million to \$25.4 million, or 25.9% of sales, in the six months ended June 30, 2012, as compared to \$23.1 million, or 27.8% of sales, in the six months ended June 30, 2011, primarily due to higher sales levels. However, gross profit margins declined year-over-year due to a less favorable product sales mix and a higher percentage of sales generated by our new branches, which have lower margins due to aggressively pricing products to penetrate new markets in addition to incurring launch costs, including employee training of manufacturing processes.

## Table of Contents

Selling, general and administrative expenses within Energy increased approximately \$1.8 million to \$14.6 million, or 14.9% of sales, in the six months ended June 30, 2012, as compared to \$12.8 million, or 15.4% of sales, in the six months ended June 30, 2011, primarily due to higher employee costs and in support of our branch facility growth initiatives. However, selling, general and administrative expenses decreased as a percentage of sales primarily due to the operating leverage gained on the higher sales levels.

Overall, operating profit within Energy increased approximately \$0.4 million to \$10.7 million, or 11.0% of sales, in the six months ended June 30, 2012, as compared to \$10.4 million, or 12.5% of sales, in the six months ended June 30, 2011, due principally to the leverage gained by higher sales levels, which was partially offset by a less favorable product sales mix, continued increases in sales in our new branches, which typically have lower margins as they penetrate new markets and higher selling, general and administrative expenses in support of our growth initiatives. Aerospace & Defense. Net sales for the six months ended June 30, 2012 decreased approximately \$2.6 million, or 6.6%, to \$37.2 million, as compared to \$39.8 million in the six months ended June 30, 2011. Sales in our aerospace business increased approximately \$4.1 million, primarily due to higher sales levels in our blind bolt and temporary fastener product lines as a result of increased demand from our distribution customers in response to new programs and increased activity with airplane frame manufacturers. The increase in sales in our aerospace business was more than offset by a decrease in sales in our defense business of approximately \$6.7 million, primarily associated with managing the relocation to and establishment of the new defense facility, which is now in the final stages of completion.

Gross profit within Aerospace & Defense increased approximately \$0.7 million to \$15.1 million, or 40.5% of sales, in the six months ended June 30, 2012, from \$14.4 million, or 36.1% of sales, in the six months ended June 30, 2011, primarily as a result of increased sales levels and productivity initiatives in our aerospace business associated with implementation of additional process automation to gain labor productivity and reduce indirect production costs. Gross profit margin also increased primarily due to a more favorable sales mix resulting from an increase in percentage of sales from higher-margin aerospace products.

Selling, general and administrative expenses decreased approximately \$0.4 million to \$5.4 million, or 14.5% of sales, in the six months ended June 30, 2012, as compared to \$5.8 million, or 14.5% of sales, in the six months ended June 30, 2011, primarily due to decreased sales commissions in our aerospace business, as a lower percentage of our sales in the six months ended June 30, 2012 were subject to third party commission arrangements than in the six months ended June 30, 2011, as well as lower wage, benefit and insurance costs incurred by our defense business as the defense facility relocation winds-down.

Operating profit within Aerospace & Defense increased approximately \$1.1 million to \$9.7 million, or 26.0% of sales, in the six months ended June 30, 2012, as compared to \$8.6 million, or 21.5% of sales, in the six months ended June 30, 2011, primarily due to the increase in sales levels and productivity gains in our aerospace business, a more favorable sales mix given a higher percentage of segment revenue was generated from higher-margin aerospace products and lower selling, general and administrative expenses.

Engineered Components. Net sales for the six months ended June 30, 2012 increased approximately \$21.4 million, or 26.5%, to \$102.3 million, as compared to \$80.9 million in the six months ended June 30, 2011. Sales of slow speed and compressor engines and related products increased by approximately \$13.7 million, as sales of engines and engine parts increased by approximately \$10.7 million due to increased oil drilling activity. Sales of gas compression products and processing and meter run equipment increased by approximately \$3.0 million, as we continue to introduce new products to add to our well-site content. Sales in our industrial cylinder business increased by approximately \$7.7 million primarily due to market share gains, which we believe were partially aided by recent competitive balance in the high pressure cylinder market following the ITC's May 2012 imposition of antidumping and countervailing duties on imported high pressure cylinders, as well as improved economic conditions. This increase was partially offset by lower sales of large high pressure cylinders as compared to the six months ended June 30, 2011.

Gross profit within Engineered Components increased approximately \$6.0 million to \$22.5 million, or 22.0% of sales, in the six months ended June 30, 2012, from \$16.5 million, or 20.4% of sales, in the six months ended June 30, 2011. Gross profit increased approximately \$4.4 million as a result of the higher sales levels. In addition, our engine

business increased its gross profit margin by approximately 310 basis points in the six months ended June 30, 2012 as compared to the six months ended June 30, 2011, primarily due to significant operating leverage, as their sales increased without significant additional fixed cost requirements.

Selling, general and administrative expenses increased approximately \$1.2 million to \$6.5 million, or 6.3% of sales, in the six months ended June 30, 2012, as compared to \$5.3 million, or 6.6% of sales, in the six months ended June 30, 2011, primarily as a result of increased selling costs incurred in support of our sales growth projects and legal fees incurred in our industrial cylinder business in connection with the antidumping claim. Selling, general and administrative expenses were lower year-over-year as a percentage of sales primarily as a result of the increase in sales without significant spending requirements.

## Table of Contents

Operating profit within Engineered Components increased approximately \$5.0 million to \$16.3 million, or 15.9% of sales, in the six months ended June 30, 2012, as compared to operating profit of \$11.3 million, or 14.0% of sales, in the six months ended June 30, 2011, primarily due to the higher sales levels between years and higher operating leverage in our engine business, which were partially offset by higher selling, general and administrative expenses in support of our sales growth initiatives.

Cequent Asia Pacific. Net sales increased approximately \$15.4 million, or 37.2%, to \$56.8 million in the six months ended June 30, 2012, as compared to \$41.4 million in the six months ended June 30, 2011. Of this increase, approximately \$9.4 million was due to new business awards in Thailand and \$2.0 million was due to the BTM acquisition in South Africa, completed during the fourth quarter of 2011. The economy in this region began to stabilize during the second half of 2011 following the late 2010 / early 2011 flooding in Queensland, Australia and the tsunami in Japan, both of which negatively impacted sales levels throughout the first six months of 2011. The first half of 2012 has also been aided by improved consumer spending and increased vehicle availability.

Cequent Asia Pacific's gross profit increased approximately \$1.3 million to \$11.2 million, or 19.8% of sales, in the six months ended June 30, 2012, from approximately \$9.9 million, or 23.9% of sales, in the six months ended June 30, 2011, primarily due to higher sales levels. However, gross profit margins declined due to approximately \$2.2 million of manufacturing inefficiencies and duplicate costs incurred directly related to the consolidation of two existing manufacturing facilities into one new manufacturing facility in Australia, which was completed during the second quarter of 2012, and as a result of a less favorable product sales mix.

Selling, general and administrative expenses increased approximately \$0.7 million to \$6.2 million, or 10.9% of sales, in the six months ended June 30, 2012, as compared to \$5.5 million, or 13.2% of sales, in the six months ended June 30, 2011, primarily in support of our growth initiatives. However, selling, general and administrative expenses declined by 230 basis points year-over-year as a percentage of sales due to the operating leverage gained on the higher sales levels.

Cequent Asia Pacific's operating profit increased approximately \$0.6 million to approximately \$5.1 million, or 8.9% of sales, in the six months ended June 30, 2012 as compared to \$4.5 million, or 10.8% of net sales, in the six months ended June 30, 2011, as the profit earned on the higher sales levels was mostly offset by the manufacturing inefficiencies incurred related to the move to a new manufacturing facility and higher selling, general and administrative expenses in support of our sales growth initiatives.

Cequent North America. Net sales increased approximately \$7.3 million, or 3.5%, to \$217.0 million in the six months ended June 30, 2012, as compared to \$209.7 million in the six months ended June 30, 2011, primarily due to a year-over-year increase within our auto OE, industrial, and aftermarket channels, partially offset by a decrease within our retail channel. Sales within our auto OE channel increased \$3.2 million in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, as we increased sales levels on both brake control and core hitches to our original equipment customers. Sales within our industrial channel increased by \$2.8 million in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, primarily in the industrial OE market. Sales within our aftermarket channel increased \$1.7 million in the first half of 2012 as compared to 2011, predominately in the internet retailer market. Sales in our retail channel decreased approximately \$0.4 million in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, primarily due to a one-time stocking order of approximately \$4.5 million for a significant customer in the first quarter of 2011 that did not recur in 2012. We were able to mostly replace the sales of the 2011 one-time stocking order via market share gains at certain of our existing customers to whom we now provide additional products and through sales related to our new broom and brush product line.

Cequent North America's gross profit remained flat at \$57.0 million for both the six months ended June 30, 2012 and June 30, 2011. Gross profit approximated 26.3% and 27.2% of sales, respectively, for the six months ended June 30, 2012 and June 30, 2011. Gross profit margin decreased primarily due to approximately \$1.8 million of costs incurred during the six months ended June 30, 2012 directly related to the expansion of our manufacturing capacity and footprint in our lower cost country facilities and subsequent move of certain OE production thereto.

Selling, general and administrative expenses increased approximately \$1.4 million to \$37.3 million, or 17.2% of sales, in the six months ended June 30, 2012, as compared to \$35.9 million, or 17.1% of sales, in the six months ended

June 30, 2011, primarily as a result of higher employee and attorney costs for ordinary course claims. Cequent North America's operating profit decreased approximately \$1.4 million to \$19.7 million, or 9.1% of sales, in the six months ended June 30, 2012 as compared to \$21.1 million, or 10.0% of net sales, in the six months ended June 30, 2011, as the gross profit earned on the higher sales levels was more than offset by costs associated with the footprint and lower cost country project and due to higher selling, general and administrative expenses.

Table of Contents

Corporate Expenses. Corporate expenses consist of the following:

|                                     | Six months ended June 30, |        |
|-------------------------------------|---------------------------|--------|
|                                     | 2012                      | 2011   |
|                                     | (in millions)             |        |
| Corporate operating expenses        | \$6.8                     | \$5.3  |
| Employee costs and related benefits | 9.2                       | 8.2    |
| Corporate expenses                  | \$16.0                    | \$13.5 |

Corporate expenses increased approximately \$2.5 million to \$16.0 million for the six months ended June 30, 2012, from \$13.5 million for the six months ended June 30, 2011. The increase between years is primarily attributed to an increase in third party professional fees, primarily supporting our international growth efforts, and higher employee costs and related benefits associated with short and long-term incentive programs for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011.

Discontinued Operations. The results of discontinued operations consists of our precision tool cutting and specialty fitting lines of business, which were sold in December 2011. There was no income from discontinued operations, net of income taxes, for the six months ended June 30, 2012, as compared to \$2.1 million for the six months ended June 30, 2011. See Note 3, "Discontinued Operations and Assets Held for Sale," to our consolidated financial statements included in Part I, Item 1 of this quarterly report on Form 10-Q.

#### Liquidity and Capital Resources

##### Cash Flows

Cash flows used for operating activities for the six months ended June 30, 2012 and 2011 was approximately \$4.9 million and \$4.7 million, respectively. Significant changes in cash flows used for operating activities and the reasons for such changes are as follows:

For the six months ended June 30, 2012, the Company generated \$61.3 million of cash, based on the reported net income of \$29.4 million and after considering the effects of non-cash items related to gains and losses on dispositions of property and equipment, depreciation, amortization, compensation and related changes in excess tax benefits, changes in deferred income taxes, debt extinguishment costs and other, net. For the six months ended June 30, 2011, the Company generated \$64.6 million in cash flows based on the reported net income of \$28.8 million and after considering the effects of similar non-cash items.

Increases in accounts receivable resulted in a use of cash of approximately \$41.6 million and \$52.1 million for the six month periods ended June 30, 2012 and 2011, respectively. The increase in accounts receivable is due primarily to the increase in year-over-year sales and the timing of sales and collection of cash within the period, as our days sales outstanding of receivables remained essentially flat.

For the six months ended June 30, 2012 and 2011, we used approximately \$31.3 million and \$13.2 million, respectively, of cash for investment in our inventories to support our increased sales levels and to capture additional market share where other competitors are unable to fill customer orders on a timely basis.

For the six months ended June 30, 2012, accounts payable and accrued liabilities resulted in a net source of cash of approximately \$8.5 million, as compared to a net use of cash of \$0.2 million for the six months ended June 30, 2011. The change in account payables and accrued liabilities is primarily a result of the timing of payments made to suppliers, a slight increase in days payables and the increased investment in inventory.

Prepaid and other assets resulted in a use of cash of approximately \$1.7 million and \$3.9 million for the six month periods ended June 30, 2012 and 2011, respectively, due primarily to additional investments in manufacturing supplies, spare parts and tooling assets, to support our increased sales levels.

Table of Contents

Net cash used for investing activities for the six months ended June 30, 2012 and 2011 was approximately \$85.7 million and \$12.4 million, respectively. During the first half of 2012, we paid approximately \$61.8 million for business acquisitions, primarily for the acquisition of Arminak in our Packaging reportable segment. We also incurred approximately \$26.6 million in capital expenditures, which increased over the six months ended June 30, 2011 levels, as we have increased our investment in growth and productivity-related capital projects due to the improved economic conditions. Cash received from the disposition of assets was approximately \$2.8 million for the first half of 2012, primarily due to the collection of the note receivable recorded as a part of the sale of our precision tool cutting and specialty fittings lines of business. During the first half of 2011, we invested approximately \$14.0 million in capital expenditures, while cash received from the disposition of assets was approximately \$1.7 million.

Net cash provided by financing activities was approximately \$30.9 million for the six months ended June 30, 2012 compared to a net use of cash of approximately \$19.3 million for the six months ended June 30, 2011. During the first half of 2012, we completed an equity offering which resulted in net proceeds of approximately \$79.0 million. Of the net proceeds, approximately \$54.9 million was utilized for the early retirement of our 9¾% senior secured notes due 2017 ("Senior Notes"). In addition, we received approximately \$4.8 million greater proceeds from the exercise of stock options during the first half of 2012 than the first half of 2011. We borrowed \$6.0 million, net and \$1.6 million, net, respectively, during the first half of 2012 and 2011 on our credit facility in Australia. We paid \$5 million and \$15 million, respectively, in 2012 and 2011 on our term loan per the excess cash flow provisions of our credit agreements. In addition during the first half of 2011, we completed the refinance of our U.S. bank debt, repaying the remaining \$233.0 million term loan, borrowing \$225.0 million on the new term loan facility and borrowing a net \$5.9 million on our revolving credit facility.

**Our Debt and Other Commitments**

We are party to a credit agreement consisting of a \$125.0 million revolving credit facility and a \$225.0 million term loan facility (collectively, the "Credit Agreement"). At June 30, 2012, \$217.8 million was outstanding on the term loan and no amount was outstanding on the revolving credit facility. The Credit Agreement allows issuance of letters of credit, not to exceed \$50.0 million in aggregate, against revolving credit facility commitments.

The Credit Agreement also provides for incremental term loan facility commitments, not to exceed \$200.0 million.

Under the Credit Agreement, we are also able to issue unsecured indebtedness in connection with permitted acquisitions, as defined, as long as we, on a pro forma basis, after giving effect to such acquisition, are in compliance with all applicable financial covenants, as defined.

Under the Credit Agreement, we are required to make a prepayment of our term loan facility pursuant to an excess cash flow sweep provision, equal to 50% of the computed amount of excess cash flow generated during the year, as defined. In April 2012, the Company prepaid \$5.0 million of term loan principal under this provision.

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 Agreement contains 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 coverage ratio (consolidated EBITDA, as defined, over cash interest expense, as defined) and a capital expenditures covenant. The most restrictive of these financial covenants are the leverage ratio and interest expense coverage ratio. Our permitted leverage ratio under the Credit Agreement is 3.75 to 1.00 for April 1, 2012 to September 30, 2012, 3.50 to 1.00 for October 1, 2012 to June 30, 2013, 3.25 to 1.00 from July 1, 2013 and thereafter. Our actual leverage ratio was 2.19 to 1.00 at June 30, 2012. Our permitted interest expense coverage ratio under the Credit Agreement is 2.75 to 1.00 for April 1, 2012 to December 31, 2012, 3.00 to 1.00 for January 1, 2013 and thereafter. Our actual interest expense coverage ratio was 4.96 to 1.00 at June 30, 2012.

At June 30, 2012, we were in compliance with our covenants under our Credit Agreement.

Table of Contents

The following is a reconciliation of net income attributable to TriMas Corporation, as reported, which is a GAAP measure of our operating results, to Consolidated Bank EBITDA, as defined in our Credit Agreement, for the twelve months ended June 30, 2012:

|                                                                                           | Year Ended<br>December 31,<br>2011<br>(dollars in thousands) | Less:<br>Six Months<br>Ended June 30,<br>2011 | Add:<br>Six Months<br>Ended June 30,<br>2012 | Twelve Months<br>Ended June 30,<br>2012 |
|-------------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------|
| Net income attributable to TriMas Corporation                                             | \$60,360                                                     | \$28,840                                      | \$29,150                                     | \$60,670                                |
| Bank stipulated adjustments:                                                              |                                                              |                                               |                                              |                                         |
| Net income attributable to partially-owned subsidiaries                                   | —                                                            | —                                             | (630)                                        | (630)                                   |
| Interest expense, net (as defined)                                                        | 44,480                                                       | 23,640                                        | 20,970                                       | 41,810                                  |
| Income tax expense <sup>(1)</sup>                                                         | 33,980                                                       | 14,360                                        | 12,440                                       | 32,060                                  |
| Depreciation and amortization                                                             | 40,470                                                       | 19,660                                        | 20,310                                       | 41,120                                  |
| Non-cash compensation expense <sup>(2)</sup>                                              | 3,510                                                        | 1,660                                         | 3,510                                        | 5,360                                   |
| Other non-cash expenses or losses                                                         | 3,850                                                        | 1,360                                         | 2,870                                        | 5,360                                   |
| Non-recurring expenses or costs in connection with acquisition integration <sup>(3)</sup> | 350                                                          | 140                                           | 50                                           | 260                                     |
| Debt extinguishment costs <sup>(4)</sup>                                                  | 3,970                                                        | 3,970                                         | 6,560                                        | 6,560                                   |
| Non-recurring expenses or costs for cost saving projects                                  | 220                                                          | —                                             | 4,230                                        | 4,450                                   |
| Negative EBITDA from discontinued operations <sup>(5)</sup>                               | 1,840                                                        | —                                             | —                                            | 1,840                                   |
| Permitted dispositions <sup>(6)</sup>                                                     | (8,370)                                                      | (4,520)                                       | —                                            | (3,850)                                 |
| Permitted acquisitions <sup>(7)</sup>                                                     | 1,860                                                        | 1,770                                         | (70)                                         | 20                                      |
| Consolidated Bank EBITDA, as defined                                                      | \$186,520                                                    | \$90,880                                      | \$99,390                                     | \$195,030                               |

|                                                            |                                         |   |
|------------------------------------------------------------|-----------------------------------------|---|
|                                                            | June 30, 2012<br>(dollars in thousands) |   |
| Total Consolidated Indebtedness, as defined <sup>(8)</sup> | \$427,840                               |   |
| Consolidated Bank EBITDA, as defined                       | 195,030                                 |   |
| Actual leverage ratio                                      | 2.19                                    | x |
| Covenant requirement                                       | 3.75                                    | x |

|                                                                  | Year Ended<br>December 31,<br>2011<br>(dollars in thousands) | Less:<br>Six Months<br>Ended June 30,<br>2011 | Add:<br>Six Months<br>Ended June 30,<br>2012 | Twelve Months<br>Ended June 30,<br>2012 |
|------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------|
| Interest expense, net (as reported)                              | \$44,480                                                     | \$23,640                                      | \$20,970                                     | \$41,810                                |
| Bank stipulated adjustments:                                     |                                                              |                                               |                                              |                                         |
| Interest income                                                  | (420)                                                        | (170)                                         | (280)                                        | (530)                                   |
| Non-cash amounts attributable to amortization of financing costs | (2,910)                                                      | (1,500)                                       | (1,600)                                      | (3,010)                                 |
| Pro forma adjustment for acquisitions and dispositions           | 2,050                                                        | 1,400                                         | 400                                          | 1,050                                   |
| Total Consolidated Cash Interest Expense, as defined             | \$43,200                                                     | \$23,370                                      | \$19,490                                     | \$39,320                                |



Table of Contents

|                                                      | June 30, 2012          |   |
|------------------------------------------------------|------------------------|---|
|                                                      | (dollars in thousands) |   |
| Consolidated Bank EBITDA, as defined                 | \$195,030              |   |
| Total Consolidated Cash Interest Expense, as defined | 39,320                 |   |
| Actual interest expense ratio                        | 4.96                   | x |
| Covenant requirement                                 | 2.75                   | x |

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- (1) Amount includes tax expense associated with discontinued operations.
- (2) Non-cash expenses resulting from the grant of restricted shares of common stock and common stock options.
- (3) Non-recurring costs and expenses arising from the integration of any business acquired not to exceed \$25,000,000 in the aggregate.
- (4) Costs incurred with refinancing our credit facilities.
- (5) Not to exceed \$10.0 million in any fiscal year.
- (6) EBITDA from permitted dispositions, as defined.
- (7) EBITDA from permitted acquisitions, as defined.
- (8) Includes \$7.0 million of acquisition deferred purchase price.

In addition to the Credit Agreement, in Australia, we are party to a debt agreement which matures on May 31, 2013. At June 30, 2012, the balance outstanding under this agreement was approximately \$6.0 million at an interest rate of 5.5%. Borrowings under this arrangement are secured by substantially all the assets of the Australia business, which is also subject to financial and reporting covenants. Financial covenants include a capital adequacy ratio (tangible net worth over total tangible assets) and an interest coverage ratio (EBIT over gross interest cost) and we were in compliance with such covenants at June 30, 2012.

Another important source of liquidity is our \$90.0 million accounts receivable facility, under which we have the ability to sell eligible accounts receivable to a third-party multi-seller receivables funding company. We did not have any amounts outstanding under the facility as of June 30, 2012 or December 31, 2011, but had \$90.0 million and \$57.6 million, respectively, available but not utilized.

At June 30, 2012 and December 31, 2011, we had no amounts outstanding under our revolving credit facility and had an additional \$101.7 million and \$101.1 million, respectively, potentially available after giving effect to approximately \$23.3 million and \$23.9 million, respectively, of letters of credit issued and outstanding. 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. Including availability under our accounts receivable facility and after consideration of leverage restrictions contained in the Credit Agreement, we had \$191.7 million and \$158.8 million, respectively, of borrowing capacity available for general corporate purposes.

Our available revolving credit capacity under the Credit Agreement, after consideration of approximately \$23.3 million in letters of credit outstanding related thereto, is approximately \$101.7 million, while our available liquidity under our accounts receivable facility ranges from \$60 million to \$90 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 our revolving credit and accounts receivable facilities to fund our debt service obligations and other contractual commitments, working capital and capital expenditure requirements. Our weighted average daily amounts outstanding under the revolving credit and accounts receivable facilities during the first half of 2012 approximated \$49.8 million, compared to the weighted average daily amounts outstanding during the first half of 2011 of \$54.4 million. Generally, we use available liquidity under our revolving credit and accounts receivable facilities to fund capital expenditures and daily working capital requirements during the first half of the year, as we experience some seasonality in our two Cequent reportable segments, primarily within Cequent North America. Sales of towing and trailering products within this segment are generally stronger in the second and third quarters, as original equipment manufacturers ("OEMs"), distributors and retailers acquire product for the spring and summer selling seasons. None of our other reportable segments experiences any significant seasonal fluctuations in their respective

businesses. During the second half of the year, the investment in working capital is reduced and amounts outstanding under our revolving credit and receivable facilities are paid down. At the end of each quarter, we use cash on hand from our domestic and foreign subsidiaries to pay down amounts outstanding under our revolving credit and accounts receivable facilities.

## Table of Contents

Cash management related to our revolving credit and accounts receivable 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 revolving credit and accounts receivable facilities of \$191.7 million at June 30, 2012, 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.

Our exposure to interest rate risk results from the variable rates under our Credit Agreement. Borrowings under the Credit Agreement bear interest, at various rates, as more fully described in Note 8, "Long-term Debt," to the accompanying consolidated financial statements. In March 2012, we entered into an interest rate swap agreement to fix the LIBOR-based variable portion of the interest rate on a total of \$100.0 million notional amount of our term loan facility. The swap agreement fixes the LIBOR-based variable portion of the interest rate at 1.80% and expires on June 23, 2016.

At June 30, 2012, 1-Month LIBOR and 3-Month LIBOR approximated 0.24% and 0.47%, respectively. Based on our variable rate-based borrowings outstanding at June 30, 2012, a 1% increase in either the 1-Month LIBOR or 3-Month LIBOR would not have had a significant impact on our interest expense.

Principal payments required under our Credit Agreement term loan are: \$0.6 million due each calendar quarter through March 31, 2017, and \$207.1 million due on June 21, 2017.

Prior to December 15, 2012, the Company may redeem, on one or more occasions, up to 35% of the principal amount of Senior Notes at a redemption price equal to 109.750% of the principal amount, plus accrued and unpaid interest to the applicable redemption date plus additional interest, if any, with the net cash proceeds of one or more equity offerings, provided that at least 65% of the original principal amount of Senior Notes issued remains outstanding after such redemption, and provided further that each such redemption occurs within 90 days of the date of closing of each such equity offering. In accordance with this provision, in June 2012, we completed a partial redemption of our Senior Notes outstanding, in an aggregate principal amount of \$50.0 million. We utilized \$54.9 million of the proceeds from our equity offering completed in May 2012 for a redemption price of 109.750% of the principal amount.

At June 30, 2012, we have \$200.0 million (face value) 9¾% Senior Notes outstanding, due 2017. Interest on the Senior Notes accrues at the rate of 9.75% per annum and is payable semi-annually in arrears on June 15 and December 15.

In addition to our long-term debt, 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 approximated \$18.9 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 began to use derivative financial instruments to manage these risks during the second quarter of 2012, albeit in immaterial notional contracts as we explore this risk mitigation strategy. 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

TriMas is listed in the NASDAQ Global Select Market<sup>SM</sup>. Our stock trades under the symbol "TRS."

### Credit Rating

We and certain of our outstanding debt obligations are rated by Standard & Poor's and Moody's. On May 10, 2012, Moody's upgraded our corporate credit, credit facilities, and senior secured notes ratings to Ba3, Ba1, and B1, respectively, and assigned our outlook as stable. On May 4, 2012, Standard & Poor's upgraded our corporate credit, credit facilities, and senior secured notes ratings to BB-, BB+, and B, respectively, and assigned our outlook as 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.

## Table of Contents

### Outlook

Over the past two years, we have accelerated our growth strategies via bolt-on acquisitions and geographic expansion, primarily within our Packaging, Energy, Engineered Components and Cequent Asia Pacific reportable segments. We also have benefited from further economic recovery, experienced significant market share gains in many of our reportable segments and continued to develop and introduce new products to our markets. Given these successful sales growth initiatives, we strategically increased our investments in inventory levels and capital projects in certain of our businesses to capture additional market share, expand upon our existing growth and productivity initiatives and build additional capacity in higher-margin platforms to support the significant sales growth. While this has helped to significantly increase our net sales levels and set the foundation for continued growth, profit margins in certain of our segments and for the overall Company have declined, particularly within Packaging due to the Innovative and Arminak acquisitions, which have lower historical margins than our legacy Packaging business plus we have incurred significant diligence and purchase accounting costs, in Energy, where we make pricing decisions to penetrate new markets and do not yet have volume leverage and in the Cequent businesses, which are involved in footprint consolidation projects that are a drag on margins until complete.

While additional acquisitions and branch expansions may put further short-term pressure on profit margins based on the aforementioned factors, particularly within our Packaging and Energy reportable segments, we believe that the margins in these businesses will moderate to historical levels over time as we integrate them into our businesses and capitalize on productivity initiatives and volume efficiencies. We believe we remain well-positioned to achieve further market share gains and generate additional operating leverage as a result of our low fixed cost structure in certain businesses and with the footprint consolidation projects within the Cequent businesses.

Our priorities remain consistent with our strategic aspirations: continuing to identify and execute on cost savings and productivity initiatives that fund core growth, reduce cycle times and secure our position as best cost producer, growing revenue via new products and expanding our core products in non-U.S. markets, and continuing to reduce our debt leverage while increasing our available liquidity.

### Impact of New Accounting Standards

See Note 15, "New Accounting Pronouncements," included in Item 1, "Notes to Unaudited Consolidated Financial Statements," within this quarterly report on Form 10-Q.

### Critical Accounting Policies

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.

During the quarter ended June 30, 2012, there were no material changes to the items that we disclosed as our critical accounting policies in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the 2011 Annual Report on Form 10-K.

Table of Contents

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 Part I, 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 8, "Long-term Debt," in Part I, Item 1, "Notes to Unaudited Consolidated Financial Statements," included within this quarterly report on Form 10-Q 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 June 30, 2012, an evaluation was carried out by management, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) pursuant to Rule 13a-15 of the Exchange Act. The Company's 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 June 30, 2012, 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 June 30, 2012 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

See Note 10, "Commitments and Contingencies," included in Part I, Item 1, "Notes to Unaudited Consolidated Financial Statements," within this quarterly report on Form 10-Q.

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, 2011, which could materially affect our business, financial condition or future results. There have been no significant changes in our risk factors as disclosed in our 2011 Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Table of Contents

Item 6. Exhibits.

Exhibits Index:

|         |                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1(a)  | Fourth Amended and Restated Certificate of Incorporation of TriMas Corporation.                                                                                                                                                                                                                                                                                                                         |
| 3.2(b)  | Second Amended and Restated By-laws of TriMas Corporation.                                                                                                                                                                                                                                                                                                                                              |
| 4.1(c)  | Indenture relating to the 9 ¾ % senior secured notes dated as of December 29, 2009, among TriMas Corporation, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee.                                                                                                                                                                                             |
| 10.1    | Amendment No. 2, dated as of December 21, 2011, to Amended and Restated Receivables Purchase Agreement, dated as of December 29, 2009, among TriMas Corporation, the Sellers named therein and TSPC, Inc., as Purchaser.                                                                                                                                                                                |
| 10.2    | Amendment No. 3, dated as of June 29, 2012, to Amended and Restated Receivables Purchase Agreement.                                                                                                                                                                                                                                                                                                     |
| 10.3    | Amendment No. 1, dated as of June 29, 2012, to Amended and Restated Receivables Transfer Agreement, dated as of September 15, 2011, among TSPC, Inc., as Transferor, TriMas Corporation, as Collection Agent, TriMas Company LLC, as Guarantor, the persons party thereto from time to time as Purchasers and Wells Fargo Bank, National Association, as Purchaser, LC Issuer and Administrative Agent. |
| 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.                                                                                                                                                                                                                                                                                 |
| 101.INS | XBRL Instance Document.                                                                                                                                                                                                                                                                                                                                                                                 |
| 101.SCH | XBRL Taxonomy Extension Schema Document.                                                                                                                                                                                                                                                                                                                                                                |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document.                                                                                                                                                                                                                                                                                                                                                  |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document.                                                                                                                                                                                                                                                                                                                                                   |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document.                                                                                                                                                                                                                                                                                                                                                        |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document.                                                                                                                                                                                                                                                                                                                                                 |
| (a)     | Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on August 3, 2007 (File No. 333-100351).                                                                                                                                                                                                                                                                   |
| (b)     | Incorporated by reference to the Exhibits filed with our Report on Form 8-K filed on February 18, 2011 (File No. 001-10716).                                                                                                                                                                                                                                                                            |
| (c)     | Incorporated by reference to the Exhibits filed with our Report on Form 8-K filed on January 15, 2010 (File No. 001-10716).                                                                                                                                                                                                                                                                             |

Table of Contents

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRIMAS CORPORATION (Registrant)

/s/ A. MARK ZEFFIRO

Date: July 30, 2012

A. Mark Zeffiro  
By: Chief Financial Officer