TRIMAS CORP
Form 10-Q
August 03, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2010

Or

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

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

TRIMAS CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o.

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

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

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

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

As of August 3, 2010, the number of outstanding shares of the Registrant's common stock, $.01 par value, was 34,037,885 shares.

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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, 2009, 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.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TriMas Corporation

Consolidated Balance Sheet

(Unaudited dollars in thousands)

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 24,590	$ 9,480
Receivables, net of reserves of approximately $6.0 million and $5.7 million as of June 30, 2010 and December 31, 2009, respectively	137,820	93,380
Inventories	138,440	141,840
Deferred income taxes	28,120	24,320
Prepaid expenses and other current assets	5,930	6,500
Assets of discontinued operations held for sale		4,250
Total current assets	334,900	279,770
Property and equipment, net	158,660	162,220
Goodwill	191,460	196,330
Other intangibles, net	157,920	164,080
Other assets	22,360	23,380
Total assets	$ 865,300	$ 825,780
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities, long-term debt	$ 7,180	$ 16,190
Accounts payable	115,870	92,840
Accrued liabilities	65,630	65,750
Liabilities of discontinued operations		1,070
Total current liabilities	188,680	175,850
Long-term debt	493,020	498,360
Deferred income taxes	57,490	42,590
Other long-term liabilities	44,960	47,000
Total liabilities	784,150	763,800
Preferred stock $0.01 par: Authorized 100,000,000 shares;		
Issued and outstanding: None		
Common stock, $0.01 par: Authorized 400,000,000 shares;		
Issued and outstanding: 34,029,885 shares at June 30, 2010 and 33,895,503 shares at December 31, 2009	340	330
Paid-in capital	529,410	528,370
Accumulated deficit	(483,520)	(510,380)

Accumulated other comprehensive income		34,920		43,660
Total shareholders' equity		81,150		61,980
Total liabilities and shareholders' equity	$	865,300	$	825,780

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

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TriMas Corporation

Consolidated Statement of Operations

(Unaudited dollars in thousands, except for share amounts)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Net sales	$ 252,060	$ 207,870	$ 472,120	$ 409,590
Cost of sales	(173,750)	(157,690)	(330,750)	(312,950)
Gross profit	78,310	50,180	141,370	96,640
Selling, general and administrative expenses	(41,370)	(33,870)	(79,070)	(75,170)
Gain (loss) on dispositions of property and equipment	(420)	120	(730)	160
Operating profit	36,520	16,430	61,570	21,630
Other income (expense), net:				
Interest expense	(13,090)	(11,300)	(27,230)	(23,780)
Gain on extinguishment of debt		11,760		27,070
Gain on bargain purchase	410		410	
Other, net	(540)	(820)	(1,050)	(1,520)
Other income (expense), net	(13,220)	(360)	(27,870)	1,770
Income from continuing operations before income tax expense	23,300	16,070	33,700	23,400
Income tax expense	(8,080)	(6,240)	(12,730)	(8,950)
Income from continuing operations	15,220	9,830	20,970	14,450
Income (loss) from discontinued operations, net of income tax benefit (expense)	6,210	(840)	5,890	(9,140)
Net income	$ 21,430	$ 8,990	$ 26,860	$ 5,310
Earnings per share basic:				
Continuing operations	$ 0.45	$ 0.29	$ 0.62	$ 0.43
Discontinued operations, net of income tax benefit (expense)	0.18	(0.02)	0.17	(0.27)
Net income per share	$ 0.63	$ 0.27	$ 0.79	$ 0.16
Weighted average common shares basic	33,794,647	33,485,317	33,681,516	33,472,481
Earnings per share diluted:				
Continuing operations	$ 0.44	$ 0.29	$ 0.61	$ 0.43
Discontinued operations, net of income tax benefit (expense)	0.18	(0.02)	0.17	(0.27)
Net income per share	$ 0.62	$ 0.27	$ 0.78	$ 0.16
Weighted average common shares diluted	34,437,418	33,656,242	34,318,002	33,532,477

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

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TriMas Corporation

Consolidated Statement of Cash Flows

(Unaudited dollars in thousands)

	Six months ended June 30, 2010	Six months ended June 30, 2009
Cash Flows from Operating Activities:		
Net income	$ 26,860	$ 5,310
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition impact:		
Gain on dispositions of property and equipment	(9,310)	(160)
Gain on bargain purchase	(410)	
Depreciation	11,960	15,510
Amortization of intangible assets	7,090	7,320
Amortization of debt issue costs	1,450	1,160
Deferred income taxes	9,610	1,080
Gain on extinguishment of debt		(27,070)
Non-cash compensation expense	760	190
Net proceeds from (reductions in) sale of receivables and receivables securitization	4,390	(5,950)
(Increase) decrease in receivables	(47,520)	1,050
Decrease in inventories	5,150	41,290
Decrease in prepaid expenses and other assets	1,820	3,940
Increase (decrease) in accounts payable and accrued liabilities	20,160	(12,480)
Other, net	(590)	980
Net cash provided by operating activities, net of acquisition impact	31,420	32,170
Cash Flows from Investing Activities:		
Capital expenditures	(5,250)	(6,420)
Acquisition of businesses, net of cash acquired	(11,660)	
Net proceeds from disposition of businesses and other assets	14,740	22,420
Net cash provided by (used for) investing activities	(2,170)	16,000
Cash Flows from Financing Activities:		
Repayments of borrowings on term loan facilities	(1,300)	(1,580)
Proceeds from borrowings on revolving credit facilities	264,930	508,360
Repayments of borrowings on revolving credit facilities	(278,060)	(518,330)
Retirement of senior subordinated notes		(35,170)
Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations	(180)	
Proceeds from exercise of stock options	80	
Excess tax benefits from stock based compensation	390	
Net cash used for financing activities	(14,140)	(46,720)
Cash and Cash Equivalents:		
Increase for the period	15,110	1,450
At beginning of period	9,480	3,910
At end of period	$ 24,590	$ 5,360

Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 22,000	$ 21,830
Cash paid for taxes	$ 3,270	$ 4,310

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

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TriMas Corporation

Consolidated Statement of Shareholders' Equity

Six Months Ended June 30, 2010

(Unaudited   dollars in thousands)

	Common Stock	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balances, December 31, 2009	$ 330	$ 528,370	$ (510,380)	$ 43,660	$ 61,980
Comprehensive income:					
Net income			26,860		26,860
Amortization of defined benefit plan deferred losses (net of tax of $20 thousand) (Note 15)				40	40
Foreign currency translation				(9,580)	(9,580)
Amortization of unrealized loss on interest rate swaps (net of tax of $0.5 million) (Note 10)				800	800
Total comprehensive income					18,120
Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations		(180)			(180)
Stock option exercises and restricted stock vestings	10	70			80
Excess tax benefits from stock based compensation		390			390
Non-cash compensation expense		760			760
Balances, June 30, 2010	$ 340	$ 529,410	$ (483,520)	$ 34,920	$ 81,150

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

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Basis of Presentation

TriMas Corporation ("TriMas" or the "Company"), and its consolidated subsidiaries, is a global manufacturer and distributor of products for commercial, industrial and consumer markets. The Company is principally engaged in five reportable segments with diverse products and market channels: Packaging, Energy, Aerospace & Defense, Engineered Components and Cequent. See Note 12, "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 2009 Annual Report on Form 10-K.

2. Discontinued Operations and Assets Held for Sale

During the fourth quarter of 2009, the Company committed to a plan to exit its medical device line of business which was part of the Engineered Components operating segment. The business was sold in May 2010 for cash proceeds of $2.0 million, which approximated the net book value of the assets and liabilities sold.

During the fourth quarter of 2008, the Company entered into a binding agreement to sell certain assets within its specialty laminates, jacketings and insulation tapes line of business, which was part of the Packaging operating segment. The sale was completed in February 2009 for cash proceeds of approximately $21.0 million. The Company's manufacturing facility is subject to a lease agreement expiring in 2024 that was not assumed by the purchaser of the business. During first quarter 2009, upon the cease use date of the facility, the Company recorded a pre-tax charge of approximately $10.7 million for future lease obligations on the facility, net of estimated sublease recoveries.

During the fourth quarter of 2007, the Company committed to a plan to sell its property management line of business. The sale was completed in April 2010 for cash proceeds of $13.0 million, resulting in a pre-tax gain on sale of approximately $10.1 million during the second quarter of 2010.

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 June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(dollars in thousands)			
Net sales	$ 130	$ 1,450	$ 660	$ 10,570
Income (loss) from discontinued operations before income tax benefit (expense)	$ 9,790	$ (1,390)	$ 9,290	$ (14,860)
Income tax benefit (expense)	(3,580)	550	(3,400)	5,720
Income (loss) from discontinued operations, net of income tax benefit (expense)	$ 6,210	$ (840)	$ 5,890	$ (9,140)

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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

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

	June 30, 2010	December 31, 2009
	(dollars in thousands)	
Receivables, net	$	$ 200
Property and equipment, net		4,050
Total assets	$	$ 4,250
Accounts payable	$	$ 150
Accrued liabilities and other		920
Total liabilities	$	$ 1,070

3. Mosinee Plant Closure

In March 2009, the Company announced plans to close its manufacturing facility in Mosinee, Wisconsin, moving production and distribution functions from Mosinee to lower-cost manufacturing facilities or to third-party sourcing partners. As of December 31, 2009, the Company completed the move and ceased operations in Mosinee. Upon the cease use date of the facility, the Company recorded a pre-tax charge within its Cequent segment of approximately $5.3 million for future lease obligations on the facility net of estimated lease recoveries. Also during 2009, the Company recorded a pre-tax charge within its Cequent segment of approximately $1.8 million, of which $1.6 million was recorded in the first quarter of 2009, primarily related to cash costs for severance benefits for approximately 160 employees to be involuntarily terminated as part of the closure. As of June 30, 2010, the Company had paid all severance benefits.

In addition, the Company recorded approximately $2.6 million of accelerated depreciation expense during 2009 as a result of shortening the expected lives on certain machinery and equipment assets that the Company no longer utilizes following the closure, of which $1.2 million and $1.7 million was recorded in the three and six months ended June 30, 2009.

4. Acquisitions

On June 8, 2010, the Company's Norris Cylinder subsidiary, included in the Company's Engineered Components segment, completed the acquisition of certain assets and liabilities from Taylor-Wharton International, LLC ("TWI") and its subsidiary, TW Cylinders, related to TWI's high and low-pressure cylinder business for $11.8 million, including a net working capital adjustment of $0.8 million. The acquisition was completed following approval by the United States Bankruptcy Court for the District of Delaware pursuant to Section 363 of the U.S. Bankruptcy Code. The assets purchased generated approximately $17 million in revenue during 2009. The fair value of the net assets acquired exceeded the purchase price, resulting in a bargain purchase gain of approximately $0.4 million, which is included in other income, net in the accompanying consolidated results of operations for the three and six months ended June 30, 2010. The purchase price remains subject to the finalization of the net working capital adjustment, which is to be completed within 90 days post-transaction.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

4. Acquisitions (Continued)

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

5. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the six months ended June 30, 2010 are summarized as follows:

	Packaging	Energy	Aerospace & Defense	Engineered Components	Cequent	Total
			(dollars in thousands)			
Balance, December 31, 2009	$ 115,460	$ 39,740	$ 41,130	$	$	$ 196,330
Foreign currency translation	(4,810)	(60)				(4,870)
Balance, June 30, 2010	$ 110,650	$ 39,680	$ 41,130	$	$	$ 191,460

The gross carrying amounts and accumulated amortization of the Company's other intangibles as of June 30, 2010 and December 31, 2009 are summarized below. The Company amortizes these assets over periods ranging from 1 to 30 years.

	As of June 30, 2010		As of December 31, 2009	
Intangible Category by Useful Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(dollars in thousands)		
Customer relationships:				
5 - 12 years	$ 24,610	$ (19,370)	$ 24,710	$ (18,290)
15 - 25 years	154,610	(65,360)	154,610	(61,250)
Total customer relationships	179,220	(84,730)	179,320	(79,540)
Technology and other:				
1 - 15 years	26,640	(22,870)	25,800	(22,060)
17 - 30 years	42,310	(17,660)	42,120	(16,640)
Total technology and other	68,950	(40,530)	67,920	(38,700)
Trademark/Trade names (indefinite life)	35,010		35,080	
	$ 283,180	$ (125,260)	$ 282,320	$ (118,240)

Amortization expense related to technology and other intangibles was approximately $0.9 million and $1.0 million for the three months ended June 30, 2010 and 2009, respectively, and $1.9 million and $2.0 million for the six months ended June 30, 2010 and 2009, respectively. These amounts are included in cost of sales in the accompanying consolidated statement of operations. Amortization expense related to customer intangibles was approximately $2.6 million for each of the three months ended June 30, 2010 and 2009, respectively, and $5.2 million and $5.3 million for the six months ended June 30, 2010 and 2009, respectively. These amounts are included in selling, general and administrative expenses in the accompanying consolidated statement of operations.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

6. Receivables Facility

On December 29, 2009, the Company entered into a new three year 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 $75.0 million to a third party multi-seller receivables funding company. The Company did not have any amounts outstanding under the facility as of June 30, 2010 or December 31, 2009, but had $53.9 million and $32.1 million, respectively, available but not utilized. 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. As of June 30, 2010, the cost of funds under this facility consisted of a 3-month London Interbank Offered Rates ("LIBOR")-based rate plus a usage fee of 3.25% and a fee on the unused portion of the facility of 1.00%. Aggregate costs incurred under this facility were $0.3 million and $0.6 million for the three and six months ended June 30, 2010, respectively, and are included in interest expense in the accompanying consolidated statement of operations. The facility expires on December 29, 2012.

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 2010, the costs 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 1.6%.

Through December 28, 2009, TriMas was party to a 364-day accounts receivable facility through TSPC. Under this facility, TSPC, from time to time, was able to sell an undivided fractional ownership interest in the pool of receivables up to approximately $55.0 million to a third party multi-seller receivables funding company. The net proceeds of the sale of receivables were less than the face amount of the accounts receivable sold by an amount that approximated the purchaser's financing costs. As of June 30, 2009, the cost of funds under this facility consisted of a commercial paper-based rate plus the usage fee of 4.5% and a fee on the unused portion of the facility of 2.25%. In addition, the Company completed its annual renewal of this facility in February 2009, incurring approximately $0.4 million. Aggregate costs incurred under this facility, including renewal costs, were $0.3 million and $1.0 million for the three and six months ended June 30, 2009, respectively. Such amounts are included in other expense, net in the accompanying consolidated statement of operations.

In addition, the Company from time to time may sell an undivided interest in accounts receivable under factoring arrangements at three of its European subsidiaries. As of June 30, 2010 and December 31, 2009, the Company's funding under these arrangements was approximately $4.4 million and $4.5 million, respectively. Sales of the European subsidiaries' accounts receivable were sold at a discount from face value of approximately 1.5% and 1.4%, at June 30, 2010 and 2009, respectively. Costs associated with these transactions were approximately $0.07 million and $0.05 million for the three months ended June 30, 2010 and 2009, respectively, and $0.1 million for each of the six month periods ended June 30, 2010 and 2009, and are included in other expense, net in the accompanying consolidated statement of operations.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

7. Inventories

Inventories consist of the following:

	June 30, 2010	December 31, 2009
	(dollars in thousands)	
Finished goods	$ 88,490	$ 95,420
Work in process	18,880	16,270
Raw materials	31,070	30,150
Total inventories	$ 138,440	$ 141,840

8. Property and Equipment, Net

Property and equipment, net, consists of the following:

	June 30, 2010	December 31, 2009
	(dollars in thousands)	
Land and land improvements	$ 2,580	$ 2,380
Buildings	46,030	44,810
Machinery and equipment	274,780	283,710
	323,390	330,900
Less: Accumulated depreciation	164,730	168,680
Property and equipment, net	$ 158,660	$ 162,220

Depreciation expense was approximately $5.9 million and $7.1 million, and $11.9 million and $13.7 million for the three and six months ended June 30, 2010 and 2009, respectively, of which $5.2 million and $6.3 million, and $10.5 million and $12.1 million, respectively, is included in cost of sales in the accompanying statement of operations, and $0.7 million and $0.8 million, and $1.4 million and $1.6 million, respectively, is included in selling, general and administrative expenses in the accompanying statement of operations.

In connection with the closure of the Mosinee facility (see Note 3), the Company recorded accelerated depreciation expense of approximately $1.2 million and $1.7 million during the three and six months ended June 30, 2009, respectively, which is included in the $6.3 million and $12.1 million of depreciation expense recorded in cost of sales during the three and six months then ended. This charge related to shortening the expected useful lives on certain machinery and equipment.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

9. Long-term Debt

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

	June 30, 2010	December 31, 2009
	(dollars in thousands)	
U.S. bank debt	$ 250,250	$ 256,680
Non-U.S. bank debt and other	4,760	12,890
$9^3/_4$% senior secured notes, due December 2017	245,190	244,980
	500,200	514,550
Less: Current maturities, long-term debt	7,180	16,190
Long-term debt	$ 493,020	$ 498,360

U.S. Bank Debt

The Company is a party to a credit facility consisting of a $83.0 million revolving credit facility, a $60.0 million deposit-linked supplemental revolving credit facility and a $252.2 million term loan facility (collectively, the "Credit Facility"). Under the Credit Facility, the Company is also able to issue letters of credit, not to exceed $65.0 million in aggregate, against its revolving credit facility commitments. At June 30, 2010 and December 31, 2009, the Company had letters of credit of approximately $31.0 million and $31.2 million, respectively, issued and outstanding.

At June 30, 2010 and December 31, 2009, the Company had $0 and $5.1 million, respectively, outstanding under its supplemental revolving credit facility and had an additional $112.0 million and $101.7 million, respectively, potentially available after giving effect to approximately $31.0 million and $31.2 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 Facility, the Company had $165.9 million and $114.3 million, respectively of capacity available to it for general corporate purposes under its revolving credit and accounts receivable facilities.

The bank debt is an obligation of the Company and its subsidiaries. Although the terms of the Credit Facility do not restrict the Company's subsidiaries from making distributions to it in respect of its $9^3/_4$% senior secured notes, it does contain certain other limitations on the distribution of funds from TriMas Company LLC, the principal subsidiary, to the Company. The restricted net assets of the guarantor subsidiaries of approximately $300.8 million and $270.4 million at June 30, 2010 and December 31, 2009, respectively, are presented in the financial information in Note 17, "Supplemental Guarantor Condensed Consolidating Financial Information." The Credit Facility also contains various negative and affirmative covenants and other requirements affecting the Company and its subsidiaries. The Company was in compliance with its covenants at June 30, 2010.

The Company's term loan facility traded at approximately 98.0% and 95.5% of par value as of June 30, 2010 and December 31, 2009, respectively, and was valued based on Level 2 inputs as defined in the fair value hierarchy.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

9. Long-term Debt (Continued)

Non-U.S. Bank Debt

In the United Kingdom, the Company's subsidiary is party to a revolving debt agreement which is secured by a letter of credit under the Credit Facility. At June 30, 2010, the balance outstanding under this arrangement was $0.2 million at an interest rate of 2.5%. At December 31, 2009, the balance outstanding under this agreement was approximately $0.8 million at an interest rate of 2.5%.

In Australia, the Company's subsidiary is party to a debt agreement which matures December 31, 2010 and is secured by substantially all the assets of the subsidiary. At June 30, 2010, the balance outstanding under this agreement was $4.2 million at an interest rate of 6.8%. At December 31, 2009, the balance outstanding under this agreement was approximately $11.7 million at an interest rate of approximately 6.6%.

Notes

During the fourth quarter of 2009, the Company issued $250.0 million principal amount of $9^3/_4$% senior secured notes due 2017 ("Senior Notes") at a discount of $5.0 million. The net proceeds of the offering, approximately $239.7 million, together with $29.3 million of cash on hand, were used to repurchase $256.5 million principal amount of the Company's $9^7/_8$% senior subordinated notes due 2012 ("Sub Notes"), for tender costs and expenses related thereto, and to pay fees and expenses related to the Senior Notes.

During the three and six months ended June 30, 2009, the Company utilized approximately $19.1 million and $35.1 million, respectively, of cash on hand to retire $31.4 million and $63.2 million, respectively of face value of the Sub Notes, resulting in a net gain in the three and six months ended June 30, 2009 of approximately $11.8 million and $27.1 million, respectively, after considering non-cash debt extinguishment costs of $0.5 million and $1.0 million respectively.

The Notes indenture contains negative and affirmative covenants and other requirements that are comparable to those contained in the Credit Facility. At June 30, 2010, the Company was in compliance with all such covenant requirements.

The Company's Senior Notes traded at approximately 101.0% and 98.5% of par value as of June 30, 2010 and December 31, 2009, respectively, and was valued based on Level 2 inputs as defined in the fair value hierarchy.

10. Derivative Instruments

The Company is party to interest rate swaps to fix the variable LIBOR-based portion on $200.0 million notional amount of the Company's term loan facility. Upon inception, the interest rate swaps were designated as cash flow hedges; however, upon the Company's amendment and restatement of its credit facilities in the fourth quarter of 2009, the Company determined that these interest rate swaps were no longer effective due to the imposition of a LIBOR floor in the determination of the variable interest rate on the term loan facility. In the first quarter of 2010, the Company amended the interest rate swaps to include a LIBOR floor similar to the term loan facility; however, the amended interest rate swaps have not been designated as hedging instruments. For the three and six months ended June 30, 2010, approximately $0.9 million and $1.3 million, respectively, of unrealized loss from

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

10. Derivative Instruments (Continued)

accumulated other comprehensive income incurred while the interest rate swaps were effective was amortized into earnings as interest expense. Over the next 12 months, the Company expects approximately $1.4 million of unrealized loss in accumulated other comprehensive income incurred while the interest rate swaps were effective to be amortized into earnings as interest expense.

As of December 31, 2009, the Company held a foreign exchange forward contract with a notional value of 55.5 million Mexican pesos and a foreign exchange forward contract with a notional value of £6.5 million. These contracts expired during the first quarter of 2010 and were not designated as hedging instruments.

As of June 30, 2010 and December 31, 2009, the fair value carrying amounts of the Company's derivative instruments not designated as hedging instruments are recorded as follows:

	Balance Sheet Caption	Asset Derivatives June 30, 2010	Asset Derivatives December 31, 2009	Liability Derivatives June 30, 2010	Liability Derivatives December 31, 2009
		(dollars in thousands)			
Derivatives not designated as hedging instruments					
Interest rate contracts	Accrued liabilities	$	$	$ 2,360	$ 1,700
Interest rate contracts	Other long-term liabilities			140	660
Foreign currency forward contracts	Accrued liabilities				150
Total derivatives not designated as hedging instruments		$	$	$ 2,500	$ 2,510

The effect of derivative instruments on the consolidated statement of operations for the three and six months ended June 30, 2010 and 2009 is summarized as follows:

	Amount of Loss Recognized in AOCI on Derivatives (Effective Portion, net of tax) As of June 30, 2010	As of December 31 2009	Location of Loss Reclassified from AOCI into Earnings (Effective Portion)	Amount of Loss Reclassifed from AOCI in to Earnings: Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
	(dollars in thousands)			(dollars in thousands)			
Derivatives designated as hedging instruments Interest rate contracts	$ (860)	$ (1,660)	Interest expense	$ (880)	$ (620)	$ (1,290)	$ (1,010)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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10. Derivative Instruments (Continued)

	Amount of Gain (Loss) Recognized in Earnings on Derivatives				Location of Gain (Loss) Recognized in Earnings on Derivatives
	Three months ended June 30,		Six months ended June 30,		
	2010	2009	2010	2009	
	(dollars in thousands)				
Derivatives not designated as hedging instruments					
Interest rate contracts	$ (110)	$	$ (1,560)	$	Interest expense
Foreign exchange contracts	$	$	$ 50	$	Other expense, net

Valuations of the interest rate swaps and foreign currency forward contracts are 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, 2010 and December 31, 2009 are shown below:

		June 30, 2010			
Description	Frequency	Asset / (Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(dollars in thousands)			
Interest rate swaps	Recurring	$ (2,500)	$	$ (2,500)	$

		December 31, 2009			
Description	Frequency	Asset / (Liability)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(dollars in thousands)			
Interest rate swaps	Recurring	$ (2,360)	$	$ (2,360)	$
Foreign currency forward contracts	Recurring	(150)		(150)	
		$ (2,510)	$	$ (2,510)	$

11. Commitments and Contingencies

A civil suit was filed in the United States District Court for the Central District of California in December 1988 by the United States of America and the State of California against more than 180 defendants, including TriMas, for alleged release into the environment of hazardous substances disposed of at the Operating Industries, Inc. site in California. This site served for many years as a depository for municipal and industrial waste. The plaintiffs have requested, among other things, that the defendants clean up the contamination at that site. Consent decrees have been entered into by the

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Commitments and Contingencies (Continued)

plaintiffs and a group of the defendants, including TriMas, providing that the consenting parties perform certain remedial work at the site and reimburse the plaintiffs for certain past costs incurred by the plaintiffs at the site. The Company estimates that its share of the clean-up costs will not exceed $500,000, for which the Company has insurance proceeds. Plaintiffs had sought other relief such as damages arising out of claims for negligence, trespass, public and private nuisance, and other causes of action, but the consent decree governs the remedy. Based upon the Company's present knowledge and subject to future legal and factual developments, the Company does not believe that this matter will have a material adverse effect on its financial position, results of operations or cash flows.

As of June 30, 2010, the Company was a party to approximately 1,019 pending cases involving an aggregate of approximately 8,071 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of the Company's subsidiaries for use primarily in the petrochemical refining and exploration industries. The following chart summarizes the number of claimants, number of claims filed, number of claims dismissed, number of claims settled, the average settlement amount per claim and the total defense costs, exclusive of amounts reimbursed under the Company's primary insurance, at the applicable date and for the applicable periods:

	Claims pending at beginning of period	Claims filed during period	Claims dismissed during period	Claims settled during period	Average settlement amount per claim during period	Total defense costs during period
Fiscal year ended December 31, 2009	7,524	586	254	40	$ 4,644	$ 2,652,000
Six months ended June 30, 2010	7,816	524	246	23	$ 11,283	$ 1,514,000

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 8,071 claims pending at June 30, 2010, 64 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). 47 of the 64 claims sought between $1.0 million and $5.0 million in total damages (which includes compensatory and punitive damages), 13 sought between $5.0 million and $10.0 million in total damages (which includes compensatory and punitive damages) and 4 sought over $10.0 million (which includes compensatory and punitive damages). Solely with respect to compensatory damages, 48 of the 64 claims sought between $50,000 and $600,000, 13 sought between $1.0 million and $5.0 million and 3 sought over $5.0 million. Solely with respect to punitive damages, 47 of the 64 claims sought between $1.0 million and $2.5 million, 13 sought between $2.5 million and $5.0 million and 4 sought over $5.0 million. In

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Commitments and Contingencies (Continued)

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

Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 20 years ago, have been approximately $5.7 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 50% of the Company's costs related to settlement and defense of asbestos litigation have been covered by its primary insurance. Effective February 14, 2006, the Company entered into a coverage-in-place agreement with its first level excess carriers regarding the coverage to be provided to the Company for asbestos-related claims when the primary insurance is exhausted. The coverage-in-place agreement makes 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, there may be a period prior to the commencement of coverage under this agreement and following exhaustion of the Company's primary insurance coverage during which the Company would 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 and other available information (including the availability of excess insurance), the Company does not believe that these cases will have a material adverse effect on its financial position and results of operations or cash flows.

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

12. Segment Information

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

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

Energy Natural gas engines, compressors, gas production equipment and chemical pumps engineered at well sites for the oil and gas industry as well as metallic and non-metallic industrial sealant products 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.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

12. Segment Information (Continued)

Engineered Components High-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, specialty fittings for the automotive industry, precision cutting instruments for the medical industry and specialty precision tools such as center drills, cutters, end mills and countersinks for the industrial metal-working market.

Cequent 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.

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

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

12. Segment Information (Continued)

Segment activity is as follows:

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
	(dollars in thousands)			
Net Sales				
Packaging	$ 45,520	$ 36,150	$ 89,120	$ 66,400
Energy	43,750	34,990	87,640	75,260
Aerospace & Defense	17,220	18,270	34,300	40,470
Engineered Components	23,320	14,920	42,230	33,470
Cequent	122,250	103,540	218,830	193,990
Total	$ 252,060	$ 207,870	$ 472,120	$ 409,590
Operating Profit				
Packaging	$ 13,480	$ 8,830	$ 25,340	$ 14,230
Energy	5,350	2,660	10,530	6,180
Aerospace & Defense	3,810	6,410	7,670	13,220
Engineered Components	3,930	340	5,740	720
Cequent	16,050	2,890	24,170	(460)
Corporate expenses	(6,100)	(4,700)	(11,880)	(12,260)
Total	$ 36,520	$ 16,430	$ 61,570	$ 21,630
Adjusted EBITDA				
Packaging	$ 16,420	$ 11,580	$ 31,340	$ 20,220
Energy	6,020	3,500	11,920	7,780
Aerospace & Defense	4,490	7,010	9,010	14,420
Engineered Components	5,080	1,140	7,650	2,260
Cequent	19,850	8,160	31,970	9,500
Corporate (expenses) income	(6,040)	7,250	(11,940)	14,880
Subtotal from continuing operations	45,820	38,640	79,950	69,060
Discontinued operations	9,940	(790)	9,610	(12,580)
Total company	$ 55,760	$ 37,850	$ 89,560	$ 56,480

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

12. Segment Information (Continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
	(dollars in thousands)			
Net income	$ 21,430	$ 8,990	$ 26,860	$ 5,310
Income tax expense	11,660	5,720	16,130	3,230
Interest expense	13,230	11,590	27,520	24,120
Debt extinguishment costs		480		990
Depreciation and amortization	9,440	11,070	19,050	22,830
Adjusted EBITDA, total company	$ 55,760	$ 37,850	$ 89,560	$ 56,480
Adjusted EBITDA, discontinued operations	9,940	(790)	9,610	(12,580)
Adjusted EBITDA, continuing operations	$ 45,820	$ 38,640	$ 79,950	$ 69,060

13. Equity Awards

The Company maintains two long-term equity incentive plans, the TriMas Corporation 2006 Long Term Equity Incentive Plan (the "2006 Plan") and the 2002 Long Term Equity Incentive Plan (the "2002 Plan"). See below for details of awards by plan.

2006 Plan

Information related to stock options at June 30, 2010 is as follows:

	Number of Stock Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2010	554,000	$ 1.14		
Granted				
Exercised	(10,666)	1.01		
Cancelled				
Outstanding at June 30, 2010	543,334	$ 1.15	8.6	$ 5,522,340

As of June 30, 2010, 173,998 stock options were exercisable under the 2006 Plan. In addition, the fair value of options which vested during the six month periods ended June 30, 2010 and 2009 was $0.1 million and $0 million, respectively. No options vested during the three month periods ended June 30, 2010 and 2009. As of June 30, 2010, there was approximately $0.1 million of unrecognized compensation cost related to stock options that is expected to be recorded over a weighted-average period of 1.3 years.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

13. Equity Awards (Continued)

Information related to restricted shares at June 30, 2010 is as follows:

	Number of Unvested Restricted Shares	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2010	251,937	$ 5.99		
Granted				
Vested	(152,594)	5.37		
Cancelled	(2,296)	8.80		
Outstanding at June 30, 2010	97,047	$ 6.89	0.6	$ 1,096,980

As of June 30, 2010, there was approximately $0.2 million of unrecognized compensation cost related to unvested restricted shares that is expected to be recorded over a weighted-average period of 0.7 years.

The Company recognized approximately $0.1 million for each of the three month periods ended June 30, 2010 and 2009, and approximately $0.4 million and $0.1 million for the six months ended June 30, 2010 and 2009, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

2002 Plan

During the first quarter of 2010, the Company granted 97,870 stock options to certain key employees, each of which may be used to purchase one share of the Company's common stock. These stock options have a ten year life, vest ratably over three years from date of grant, have an exercise price of $6.09 and had a weighted-average fair value at grant date of $2.60. The fair value of these options at the grant date was estimated using the Black-Scholes option pricing model using the following weighted-average assumptions: expected life of 6 years, risk-free interest rate of 2.7% and expected volatility of 40%.

Information related to stock options at June 30, 2010, is as follows:

	Number of Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2010	1,285,344	$ 13.45		
Granted	97,870	6.09		
Exercised	(80,852)	1.01		
Cancelled	(65,179)	7.65		
Outstanding at June 30, 2010	1,237,183	$ 13.99	5.9	$ 4,508,110

As of June 30, 2010, 789,615 stock options were exercisable under the 2002 Plan. In addition, the fair value of options which vested during the three months ended June 30, 2010 and 2009 was $0 million and $0.03 million, respectively and $0.1 million during each of the six month periods ended

TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

13. Equity Awards (Continued)

June 30, 2010 and 2009. As of June 30, 2010, there was approximately $0.3 million of unrecognized compensation cost related to stock options that is expected to be recorded over a weighted-average period of 1.2 years.

During the first quarter of 2010, the Company granted 78,090 restricted shares of common stock to certain employees. These restricted shares are subject only to a service condition, vesting ratably over three years so long as the employee remains with the Company.

Information related to restricted shares at June 30, 2010 is as follows:

	Number of Unvested Restricted Shares	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2010	126,950	$ 5.20		
Granted	78,090	6.09		
Vested	(82,960)	5.20		
Cancelled	(190)	5.20		
Outstanding at June 30, 2010	121,890	$ 5.77	2.0	$ 1,378,580

As of June 30, 2010, there was approximately $0.5 million of unrecognized compensation cost related to unvested restricted shares that is expected to be recorded over a weighted-average period of 1.5 years.

The Company recognized approximately $0.2 million and $0.04 million for the three months ended June 30, 2010 and 2009, respectively, and approximately $0.4 million and $0.06 million for six months ended June 30, 2010 and 2009, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

14. Earnings per Share

Net earnings are divided by the weighted average number of shares outstanding during the year to calculate basic earnings per share. Diluted earnings (loss) per share are calculated to give effect to stock options and other stock-based awards. The calculation of diluted earnings (loss) per share included 107,147 and 6,580 restricted shares for the three months ended June 30, 2010 and 2009, respectively, and 106,353 and 16,995 restricted shares for the six months ended June 30, 2010 and 2009, respectively. The calculation of diluted earnings (loss) per share also included 535,624 and 164,345 options to purchase shares of common stock for the three months ended June 30, 2010 and 2009, respectively, and 530,133 and 43,001 options for the six months ended June 30, 2010 and 2009, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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15. 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, 2010 and 2009 are as follows:

	Pension Plans				Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009	2010	2009	2010	2009
	(dollars in thousands)							
Service costs	$ 150	$ 130	$ 300	$ 260	$	$	$	$
Interest costs	400	390	790	780	20	20	30	50
Expected return on plan assets	(400)	(390)	(790)	(770)				
Amortization of prior service cost		10	10	10	(70)	(60)	(130)	(130)
Amortization of net loss (gain)	110	70	220	150	(10)		(20)	(10)
Net periodic benefit cost	$ 260	$ 210	$ 530	$ 430	$ (60)	$ (40)	$ (120)	$ (90)

The Company contributed approximately $0.4 million and $0.8 million to its defined benefit pension plans during the three and six months ended June 30, 2010, respectively. The Company expects to contribute approximately $1.9 million to its defined benefit pension plans for the full year 2010.

16. New Accounting Pronouncements

As of June 30, 2010, 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.

17. Supplemental Guarantor Condensed Consolidating Financial Information

Under an indenture dated December 29, 2009, TriMas Corporation, the parent company ("Parent"), issued $9^3/_4$% senior secured notes due 2017 in a total principal amount of $250.0 million (face value). The net proceeds of the offering were used, together with other available cash, to repurchase the Company's outstanding $9^7/_8$% senior subordinated notes due 2012 pursuant to a cash tender offer. The outstanding Senior Notes are guaranteed by substantially all of the Company's domestic subsidiaries ("Guarantor Subsidiaries"). All of the Guarantor Subsidiaries are 100% owned by the Parent and their guarantee is full, unconditional, joint and several. The Company's non-domestic subsidiaries and TSPC, Inc. have not guaranteed the Senior Notes ("Non-Guarantor Subsidiaries"). The Guarantor Subsidiaries have also guaranteed amounts outstanding under the Company's Credit Facility.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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17. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	June 30, 2010				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	$	$ 6,610	$ 17,980	$	$ 24,590
Trade receivables, net		120,880	16,940		137,820
Receivables, intercompany			2,830	(2,830)	
Inventories		115,240	23,200		138,440
Deferred income taxes	9,200	18,100	820		28,120
Prepaid expenses and other current assets		4,870	1,060		5,930
Total current assets	9,200	265,700	62,830	(2,830)	334,900
Investments in subsidiaries	300,750	113,260		(414,010)	
Property and equipment, net		116,390	42,270		158,660
Goodwill		148,220	43,240		191,460
Intangibles and other assets	17,460	168,700	5,450	(11,330)	180,280
Total assets	$ 327,410	$ 812,270	$ 153,790	$ (428,170)	$ 865,300
Liabilities and Shareholders' Equity					
Current liabilities:					
Current maturities, long-term debt	$	$ 2,750	$ 4,430	$	$ 7,180
Accounts payable, trade		94,450	21,420		115,870
Accounts payable, intercompany		2,830		(2,830)	
Accrued liabilities	1,070	55,910	8,650		65,630

Total current liabilities	1,070	155,940	34,500	(2,830)	188,680
Long-term debt	245,190	247,830			493,020
Deferred income taxes		65,210	3,610	(11,330)	57,490
Other long-term liabilities		42,540	2,420		44,960
Total liabilities	246,260	511,520	40,530	(14,160)	784,150
Total shareholders' equity	81,150	300,750	113,260	(414,010)	81,150
Total liabilities and shareholders' equity	$ 327,410	$ 812,270	$ 153,790	$ (428,170)	$ 865,300

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

17. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	December 31, 2009				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	$	$ 300	$ 9,180	$	$ 9,480
Trade receivables, net		76,720	16,660		93,380
Receivables, intercompany			3,550	(3,550)	
Inventories		117,850	23,990		141,840
Deferred income taxes	5,400	23,450	870	(5,400)	24,320
Prepaid expenses and other current assets	80	4,820	1,600		6,500
Assets of discontinued operations held for sale		4,250			4,250
Total current assets	5,480	227,390	55,850	(8,950)	279,770
Investments in subsidiaries	270,370	107,170		(377,540)	
Property and equipment, net		115,380	46,840		162,220
Goodwill		148,220	48,110		196,330
Intangibles and other assets	31,240	175,190	5,720	(24,690)	187,460
Total assets	$ 307,090	$ 773,350	$ 156,520	$ (411,180)	$ 825,780
Liabilities and Shareholders' Equity					
Current liabilities:					
Current maturities, long-term debt	$	$ 3,670	$ 12,520	$	$ 16,190
Accounts payable, trade		73,980	18,860		92,840
		3,550		(3,550)	

Accounts payable, intercompany					
Accrued liabilities	130	56,000	9,620		65,750
Liabilities of discontinued operations		1,070			1,070
Total current liabilities	130	138,270	41,000	(3,550)	175,850
Long-term debt	244,980	253,380			498,360
Deferred income taxes		66,920	5,760	(30,090)	42,590
Other long-term liabilities		44,410	2,590		47,000
Total liabilities	245,110	502,980	49,350	(33,640)	763,800
Total shareholders' equity	61,980	270,370	107,170	(377,540)	61,980
Total liabilities and shareholders' equity	$ 307,090	$ 773,350	$ 156,520	$ (411,180)	$ 825,780

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

17. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	Three Months Ended June 30, 2010				
	Parent	**Guarantor**	**Non-Guarantor**	**Eliminations**	**Total**
Net sales	$	$ 204,800	$ 71,610	$ (24,350)	$ 252,060
Cost of sales		(141,440)	(56,660)	24,350	(173,750)
Gross profit		63,360	14,950		78,310
Selling, general and administrative expenses		(36,140)	(5,230)		(41,370)
Loss on dispositions of property and equipment		(410)	(10)		(420)
Operating profit		26,810	9,710		36,520
Other income (expense), net:					
Interest expense	(6,400)	(6,150)	(540)		(13,090)
Gain on bargain purchase		410			410
Other, net		1,190	(1,730)		(540)
Income (loss) before income tax (expense) benefit and equity in net income of subsidiaries	(6,400)	22,260	7,440		23,300
Income tax (expense) benefit	2,240	(8,390)	(1,930)		(8,080)
Equity in net income of subsidiaries	25,590	5,510		(31,100)	
Income from continuing operations	21,430	19,380	5,510	(31,100)	15,220
Income from discontinued operations		6,210			6,210
Net income	$ 21,430	$ 25,590	$ 5,510	$ (31,100)	$ 21,430

Three Months Ended June 30, 2009

	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Net sales	$	$ 165,730	$ 51,740	$ (9,600)	$ 207,870
Cost of sales		(125,270)	(42,020)	9,600	(157,690)
Gross profit		40,460	9,720		50,180
Selling, general and administrative expenses		(28,800)	(5,070)		(33,870)
Gain on dispositions of property and equipment		110	10		120
Operating profit		11,770	4,660		16,430
Other income (expense), net:					
Interest expense	(7,130)	(3,940)	(230)		(11,300)
Gain on extinguishment of debt	11,760				11,760
Other, net		620	(1,440)		(820)
Income before income tax expense and equity in net income of subsidiaries	4,630	8,450	2,990		16,070
Income tax expense	(1,390)	(3,820)	(1,030)		(6,240)
Equity in net income of subsidiaries	5,750	1,960		(7,710)	