TRIMAS CORP
Form 10-Q
July 30, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549
FORM 10-Q
(Mark One)

x 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

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 x 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 x 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 x	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 x

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.

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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, 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.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TriMas Corporation
Consolidated Balance Sheet
(Unaudited—dollars in thousands)

	June 30, 2012	December 31, 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; Issued and outstanding: None	—	—
Common stock, $0.01 par: Authorized 400,000,000 shares; 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.

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TriMas Corporation
Consolidated Statement of Operations
(Unaudited—dollars in thousands, except for per share amounts)

	Three months ended June 30,		Six months ended 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.

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

	Three months ended June 30,		Six months ended 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.

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

	Six months ended June 30, 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)

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.

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

	TriMas Corporation				
	Common Stock	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive 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.

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 June 30,		Six months ended 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

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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	

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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 (dollars in thousands)
Consideration	
Cash paid plus initial estimate of working capital adjustment	$58,860
Contingent consideration [a]	8,490
Total consideration	$67,350
Recognized amounts of identifiable assets acquired and liabilities assumed [b]	
Receivables	$8,990
Inventories	4,390
Intangible assets other than goodwill [c]	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 [d]	34,600
	$67,350

[a] 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.

[b] 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.

[c] 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.

[d] 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 June 30, 2012	Six months ended June 30, 2012
	(dollars in thousands)	
Net sales	$16,000	$21,360
Net income	$1,680	$900

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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 [a]			
	Three months ended June 30,		Six months ended 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

[a] 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 & Defense	Engineered Components	Cequent Asia Pacific	Cequent North 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

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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 Gross Carrying Amount	Accumulated Amortization	As of December 31, 2011 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, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 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, 2012	December 31, 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

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TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

7. Property and Equipment, Net

Property and equipment consists of the following components:

	June 30, 2012	December 31, 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,		Six months ended June 30,	
	2012	2011	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, 2012	December 31, 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.

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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.

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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, 2012	December 31, 2011	June 30, 2012	December 31, 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 in AOCI on Derivative (Effective Portion, net of tax)			Amount of Loss Reclassified from AOCI into Earnings			
				Three months ended June 30,		Six months ended June 30,	
	As of June 30, 2012	As of December 31, 2011	Location of Loss Reclassified from AOCI into Earnings (Effective Portion)	2012	2011	2012	2011
	(dollars in thousands)			(dollars in thousands)			
Derivatives designated as hedging 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.

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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 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	$(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 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, 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.

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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.

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Segment activity is as follows:

	Three months ended June 30,		Six months ended 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 Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate 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.

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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.

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Information related to restricted shares at June 30, 2012 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, 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 June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended 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)

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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.

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Supplemental Guarantor
Condensed Financial Statements
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	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

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	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

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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

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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

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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

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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

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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

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

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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				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated 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)