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 SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
 THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

COMMISSION FILE NUMBER 1-10716

TRIMAS CORPORATION  
 (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
 (STATE OF INCORPORATION)

38-2687639  
 (I.R.S. EMPLOYER IDENTIFICATION NO.)

315 EAST EISENHOWER PARKWAY  
 ANN ARBOR, MICHIGAN  
 (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

48108  
 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 313-747-7025

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
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COMMON STOCK, \$.01 PAR VALUE	NEW YORK STOCK EXCHANGE, INC.
5% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2003	NEW YORK STOCK EXCHANGE, INC.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE

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, AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES /X/ NO / /

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. /X/

THE AGGREGATE MARKET VALUE OF THE REGISTRANT'S COMMON STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT ON MARCH 1, 1996 (BASED ON THE CLOSING SALE PRICE OF \$22 3/8 OF THE REGISTRANT'S COMMON STOCK AS REPORTED ON THE NEW YORK STOCK EXCHANGE COMPOSITE TAPE ON SUCH DATE) WAS APPROXIMATELY \$353,497,000.

NUMBER OF SHARES OUTSTANDING OF THE REGISTRANT'S COMMON STOCK AT MARCH 1, 1996:

36,651,021 SHARES OF COMMON STOCK, PAR VALUE \$.01 PER SHARE

PORTIONS OF THE REGISTRANT'S DEFINITIVE PROXY STATEMENT TO BE FILED FOR ITS 1996 ANNUAL MEETING OF STOCKHOLDERS ARE INCORPORATED BY REFERENCE INTO PART III OF THIS REPORT.

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## TABLE OF CONTENTS

ITEM -----		PAGE -----
	PART I	
1.	Business.....	2
2.	Properties.....	8
3.	Legal Proceedings.....	8
4.	Submission of Matters to a Vote of Security Holders.....	8
	Supplementary Item. Executive Officers of Registrant.....	8
	PART II	
5.	Market for Registrant's Common Equity and Related Stockholder Matters.....	9
6.	Selected Financial Data.....	10
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	11
8.	Financial Statements and Supplementary Data.....	15
9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.....	31
	PART III	
10.	Directors and Executive Officers of the Registrant.....	32
11.	Executive Compensation.....	32
12.	Security Ownership of Certain Beneficial Owners and Management.....	32
13.	Certain Relationships and Related Transactions.....	32
	PART IV	
14.	Exhibits, Financial Statement Schedules, and Reports on Form 8-K.....	33
	Signatures.....	35
	FINANCIAL STATEMENT SCHEDULES	
	TriMas Corporation and Subsidiaries Financial Statement Schedule.....	F-1

## PART I

## ITEM 1. BUSINESS.

TriMas Corporation is a diversified proprietary products company with leadership positions in commercial, industrial and consumer niche markets. TriMas Corporation's operations are conducted through sixteen operating businesses principally manufacturing industrial container closures, pressurized gas cylinders, specialty industrial gaskets, towing systems products, specialty fasteners, specialty products for fiberglass insulation, specialty tapes and precision cutting tools. TriMas Corporation's businesses are managed as decentralized autonomous profit centers which emphasize entrepreneurial management, high value-added products and services and strong cash flows.

TriMas Corporation was incorporated under the laws of the State of Delaware in 1986 as Campbell Industries, Inc., and, in October, 1988, adopted the name TriMas Corporation in connection with the transactions described below. Immediately prior to such transactions, the Company was principally a manufacturer of industrial fasteners as a result of an acquisition in December, 1986. Except as the context otherwise indicates, the terms "TriMas" and the "Company" refer to TriMas Corporation and its consolidated subsidiaries.

Effective October 1, 1988, the Company acquired various businesses and cash from MascoTech, Inc. ("MascoTech") in exchange for securities of the Company. In a related transaction, Masco Corporation ("Masco"), which prior to the above described acquisition had an equity ownership interest in the Company, acquired additional shares of Company Common Stock, \$.01 par value per share (the "Company Common Stock"), in exchange for cash. The Company became a public corporation in February, 1989 when approximately 28 percent of the then outstanding Company Common Stock was distributed by Masco to its stockholders as a special dividend. MascoTech currently holds approximately 41 percent of Company Common Stock and Masco currently holds approximately 5 percent of Company Common Stock.

In January, 1990, the Company acquired three businesses from Masco which are engaged in the manufacture of trailer hitches, tow bars and accessories, winches, jacks and couplers as well as flame-retardant facings and jacketings and pressure-sensitive tapes used in conjunction with insulation products. In June, 1990, the Company acquired the operating assets and business of Draw-Tite, Inc. Draw-Tite is engaged in the manufacture and sale of trailer hitches and other related towing systems products. In October, 1991, the Company acquired all of the capital stock of Monogram Aerospace Fasteners, Inc., a manufacturer of highly engineered specialty fasteners for the domestic and international aerospace industry. In November, 1993, the Company acquired from MascoTech all of the capital stock of Lamons Metal Gasket Co., a manufacturer and distributor of specialty industrial gaskets.

## INDUSTRY SEGMENTS

While each of the Company's businesses operates as an autonomous entity, they are grouped into four distinct categories for financial reporting purposes: Specialty Fasteners, Towing Systems, Specialty Container

Products and Corporate Companies. The following table details the entities which compose each of the Company's operating segments.

COMPANY	DATE ACQUIRED	PRINCIPAL PRODUCTS
<b>Specialty Fasteners:</b>		
Lake Erie Screw Corporation.....	December, 1986	Fasteners
Commonwealth Industries.....	October, 1988	Heat treating
Eskay Screw Corporation.....	October, 1988	Fasteners
Monogram Aerospace Fasteners, Inc.....	October, 1991	Fasteners
<b>Towing Systems:</b>		
Fulton Performance Products, Inc....	January, 1990	Jacks, winches and couplers
Reese Products, Inc.....	January, 1990	Vehicle hitches and related accessories
Draw-Tite, Inc.....	June, 1990	Vehicle hitches and related accessories
<b>Specialty Container Products:</b>		
Norris Cylinder Company.....	October, 1988	Compressed gas cylinders
Rieke Corporation.....	October, 1988	Industrial container closures and related products
Lamons Metal Gasket Co.....	November, 1993	Specialty industrial gaskets
<b>Corporate Companies:</b>		
Kee Services, Inc.....	October, 1988	Vacuum heat treating
Keo Cutters, Inc.....	October, 1988	Precision cutting tools
Punchcraft Company.....	October, 1988	Punches and dies
Reska Spline Products, Inc.....	October, 1988	Master gears and gages
Richards Micro-Tool, Inc.....	October, 1988	Precision cutting tools
Compac Corporation.....	January, 1990	Insulation facing and specialty tapes

Although all of the businesses have been acquired since the Company was formed in 1986, each business had a long operating history prior to its acquisition by the Company.

The following table sets forth net sales and operating profit information for the past three years for each of the Company's industry segments.

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
<b>NET SALES:</b>			
Specialty Fasteners.....	\$141,050	\$138,720	\$122,740
Towing Systems.....	175,000	163,130	139,790
Specialty Container Products.....	165,670	163,880	118,970
Corporate Companies.....	71,770	69,750	61,730
Total net sales.....	\$553,490	\$535,480	\$443,230
<b>OPERATING PROFIT (BEFORE GENERAL CORPORATE EXPENSE):</b>			
Specialty Fasteners.....	\$ 27,290	\$ 24,280	\$ 19,250
Towing Systems.....	31,080	25,660	22,150
Specialty Container Products.....	39,040	39,060	28,820
Corporate Companies.....	8,420	9,850	7,110
Total operating profit.....	\$105,830	\$ 98,850	\$ 77,330

For further business segment information see Note 11 of the Notes to Consolidated Financial Statements of the Company.

## SPECIALTY FASTENERS

Lake Erie Screw Corporation, Eskay Screw Corporation, Monogram Aerospace Fasteners, Inc. and Commonwealth Industries form the Company's Specialty Fasteners segment. Lake Erie and Eskay are manufacturers of both standard and custom-designed ferrous, nonferrous and special alloy fasteners sold to commercial and industrial markets. Monogram Fasteners manufactures permanent blind bolt and temporary fasteners used in aircraft construction and assembly. Commonwealth provides specialized metallurgical services for fastener products used in a variety of markets.

Lake Erie specializes in manufacturing both standard and custom-designed large diameter fasteners, generally in sizes 1/4" to 1 1/4". Lake Erie's design and engineering capabilities enable the company to formulate fastener product programs to meet demanding metallurgical and performance specifications for a wide variety of customers. With this emphasis on design and engineering, coupled with its ability to offer just-in-time delivery, the Company believes that Lake Erie has established a premier reputation in the industry for product quality and service. Lake Erie products are sold to distributors and manufacturers in the agricultural, transportation, construction, fabricated metal products, and commercial and industrial maintenance markets. Lake Erie is a leading manufacturer of private brand products for the equipment maintenance aftermarket, supplying national and regional private brand distributor organizations.

Eskay manufactures both ferrous and nonferrous standard and specialty-designed small diameter fasteners, generally in sizes 3/8" and smaller. Eskay's strategy is to focus on niche markets which require high value-added products for critical applications. Eskay's ES-Form(R) and ES-Form(R)II, Plask(R)I and Plask(R)II, Plask H/L(R), and Tri-Plask(R) self-threading specialty fasteners, for example, are designed for use in applications where the absence of drilling chip contamination is critical. A typical application would be electronic or electrical assemblies installed within metallic or plastic housings and requiring no chip contamination to qualify for UL or other certification. Eskay products are marketed directly to distributors and manufacturers in the electrical and electronic equipment, appliance, fabricated metal products, furniture, transportation and agricultural markets.

Monogram Fasteners manufactures highly engineered specialty fasteners for the domestic and international aerospace industry. Monogram Fasteners is the leader in the development of blind bolt fastener technology for the aerospace industry. Its Visu-Lok(R), Visu-Lok(R)II and Radial-Lok(TM) blind bolts, which allow sections of aircraft to be joined together when access is provided to only one side of the airframe, are lighter in weight and provide certain cost efficiencies over conventional two-sided fastening devices. Monogram Fasteners' Composi-Lok(R) and Composi-Lok(R)II blind bolts are designed to solve unique fastening problems associated with the assembly of composite aircraft structures, and are therefore particularly well suited to take advantage of the increasing use of composite materials in aircraft construction.

Commonwealth Industries provides commercial heat treating and specialized metallurgical and finishing services for fastener products used in the automotive, industrial, agricultural and construction markets.

The Company's fasteners are sold through its own sales personnel and independent sales representatives. Although the overall market for fasteners and metallurgical services is highly competitive, these businesses primarily provide products and services for specialized market niches, and principally compete as quality and service oriented suppliers in their respective market segments.

## TOWING SYSTEMS

The Towing Systems segment comprises Draw-Tite, Inc., Reese Products, Inc. and Fulton Performance Products, Inc. These three companies are leading producers of vehicle hitches, jacks, winches, couplers and related accessories. Draw-Tite, Reese and Fulton give TriMas the leading position in the design and manufacture of towing systems products for domestic and imported passenger cars, light trucks and recreational vehicles. The Company believes that product lines offered by its Towing Systems companies are the most extensive in the industry, permitting TriMas to provide custom-designed products for virtually every towing vehicle and need.

Each company conducts extensive testing of its products to assure reliable and safe performance. Engineering, product design and fatigue testing are performed utilizing computer aided design and finite element analysis. In addition, on-road performance research is conducted on hitches with instrumentation equipped trailers and towing vehicles. Extensive product testing programs have improved product safety and reliability and reduced manufacturing costs.

The Company believes that Draw-Tite is the largest North American manufacturer and distributor of premium towing systems products, including hitches and towing accessories, such as hitch balls, sway controls, wiring harnesses and brake controls. Draw-Tite has two manufacturing facilities and seven regional distribution centers in the United States, as well as a sales and distribution center in Canada. Draw-Tite sales are principally to independent installers through its own sales organization. Rapid delivery and customer service are emphasized, with most Draw-Tite orders shipped within twenty-four hours of receipt.

Reese manufactures premium towing systems products, including weight-distributing hitches and towing accessories, which are sold to independent installers, distributors, recreational vehicle manufacturers and automotive aftermarket retailers. Sales in the United States are made by both Reese sales personnel and independent sales representatives and are distributed from five regional distribution centers. Reese also manufactures and distributes hitches and towing accessories in Canada and Australia, and the Company believes that Reese is the largest manufacturer of such products in Australia.

Fulton is a major manufacturer of winches, jacks, couplers and accessories for marine, recreational vehicle, agricultural and industrial markets. These products are sold by Fulton marketing personnel to distributors, manufacturers and aftermarket retailers.

Sales by companies which form the Towing Systems segment are stronger during the spring and summer of the year impacting the Company's net sales and operating profits primarily in the second quarter.

#### SPECIALTY CONTAINER PRODUCTS

The Company's Specialty Container Products segment consists of Rieke Corporation, Norris Cylinder Company and Lamons Metal Gasket Co., leading suppliers of products for the containment and dispensing of fluids and gases for the chemical, agricultural, refining, food, petrochemical, health care and other industries.

The Company believes that Rieke is the largest manufacturer in North America of steel and plastic industrial container closures and dispensing products. Rieke's manufacturing and distribution facilities in the United States, Canada and Mexico, as well as distribution capabilities in Europe and the Far East, allow Rieke to service most major world markets for its products. Industrial container closures are manufactured using metal forming and plastic injection molding technologies, supplemented by automated material handling systems.

Rieke believes its investment in new product development and manufacturing programs has enabled it to develop and produce precise quality, high performance products while maintaining cost-efficient production capabilities. For more than seventy-five years, Rieke's new product development programs have provided innovative and attractive proprietary product opportunities, which have been an integral part of its success. Among these products are the ViseGrip(R) steel flange and plug closure, the Poly-ViseGrip(R) plastic closure, the all plastic, environmentally safe, self-venting FlexSpout(R) flexible pouring spout and the ViseGrip drum closure.

Rieke sells its products through its own sales personnel primarily to industrial container manufacturers who also utilize Rieke's specialty tooling to install the closures. A significant portion of Rieke's products are specified by end-users of industrial containers. Rieke believes it has been successful in having end-users specify its products because of Rieke's history of new product development, its product quality and performance characteristics and its customer service standards.

Norris is one of the world's leading suppliers of a complete line of large and intermediate size, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases. Norris is one of two United States manufacturers of large high-pressure seamless compressed gas cylinders, used

principally for shipping, storing and dispensing oxygen, nitrogen, argon, helium and other gases for industrial and health care markets. In addition, Norris offers a complete line of low-pressure welded cylinders used to contain and dispense acetylene gas for the welding and cutting industries. The Company believes that Norris is the largest United States manufacturer of large and intermediate size high-pressure cylinders and is a major source of acetylene cylinders.

The Company believes that Norris is the leading product innovator in its industry. Among Norris' product developments are the Ultrapure(R) seamless stainless steel cylinder for the semiconductor and pharmaceutical industries, the Pacesetter cylinder, which was the first asbestos-free acetylene cylinder available to satisfy increasing concerns about asbestos in the workplace environment, and the Ultralight high-pressure cylinder designed to hold 30 percent more gas than standard cylinders of similar size, weight and diameter. In addition, Norris has directed a portion of its research and new product development efforts to specially-designed cylinders for natural gas powered vehicles and related refueling facilities.

Norris markets cylinders primarily to major industrial gas producers and distributors, welding equipment distributors and equipment manufacturers. Cylinder products are sold by Norris personnel organized in five geographic sales regions. Sales for export markets and to national accounts are made by personnel at Norris' corporate office.

Lamons manufactures and distributes metallic and nonmetallic industrial gaskets for refining, petrochemical and other industrial applications principally in the United States and, through a wholly owned subsidiary, in Canada. Gaskets are supplied both for original installations and replacement and maintenance.

The Company believes that Lamons is the largest gasket supplier to the United States petroleum refining and petrochemical industries. Sales are made direct from the factory to major customers, through seven company-owned distribution facilities in major regional markets, or through a large network of independent distributors. Lamons has maintained its market leadership position through superior customer service and delivery and high product quality.

#### CORPORATE COMPANIES

The Company has six businesses that compose its Corporate Companies segment. The largest of these companies is Compac Corporation, believed by the Company to be the leading manufacturer of flame-retardant facings and jacketings used in conjunction with fiberglass insulation as temperature and vapor barriers. These products are principally used for commercial and industrial construction applications, and are sold to most major manufacturers of fiberglass insulation.

Compac's product line also includes pressure-sensitive specialty tape products which are marketed to insulation manufacturers as well as to numerous other customers. Pressure-sensitive products for the insulation industry are utilized for sealing pipe jacketing, ducts and fiberglass wrappings to increase the efficiency and cost effectiveness of heating and cooling installations. Combined with Compac's facing and jacketing products, pressure-sensitive specialty tapes enable Compac to offer customers the only complete systems approach to insulation installation. With important product positions in several specialty tape markets, Compac is pursuing further opportunities to expand its presence in the industry. Utilizing existing pressure-sensitive adhesive technologies, Compac continues to develop new product programs to expand its pressure-sensitive product positions into subsegments of existing markets, including the medical supply industry.

The other businesses that constitute the Corporate Companies segment produce a variety of specialty precision tools such as center drills, cutters, end mills, reamers, master gears, gages and punches and provide specialty metal finishing services. Principal markets served by these companies include the automotive, aerospace, appliance, medical and electronics industries, with such diverse products as miniature precision cutting tools for orthopedic surgery and ophthalmic surgical products to high volume industrial cutting tools and master gages.

## GENERAL INFORMATION CONCERNING INDUSTRY SEGMENTS

Except for the Company's businesses which form the Towing Systems segment, no material portion of the Company's business is seasonal. No material portion of the Company's business has special working capital requirements. The Company does not consider backlog orders to be a material factor in its industry segments, and no material portion of its business is dependent upon any one customer or subject to renegotiation of profits or termination of contracts at the election of the federal government. Compliance with federal, state and local regulations relating to the discharge of materials into the environment, or otherwise relating to the protection of the environment, is not expected to result in material capital expenditures by the Company or to have a material effect on the Company's earnings or competitive position. In general, raw materials required by the Company are obtainable from various sources and in the quantities desired. Except for Rieke's facilities in Canada and Mexico, Lamons' Canadian facilities and the Canadian and Australian operations of Reese, all of the Company's manufacturing operations are in the United States. Approximately six percent of the Company's net sales for 1995, approximately five percent of the Company's net sales for 1994 and approximately seven percent of the Company's net sales for 1993, were attributable to export sales from the United States. Further financial information concerning the Company's operations in its industry segments as of and for each of the three years in the period ended December 31, 1995 is set forth in the notes to the Company's consolidated financial statements.

## PATENTS AND TRADEMARKS

The Company holds a number of patents, patent applications, licenses, trademarks and trade names. The Company considers its patents, patent applications, licenses, trademarks and trade names to be valuable, but does not believe that there is any reasonable likelihood that the loss of any such rights would have a material effect on the Company's industry segments or its present business as a whole.

## COMPETITION

The major markets for the Company's products in its industry segments are highly competitive. Competition is based primarily on performance, quality, service and price, with the relative importance of such factors varying among products. Although a number of companies of varying size compete with the Company in its industry segments, no single competitor is in substantial competition with the Company with respect to more than a few of its product lines.

## EMPLOYEES

The Company currently employs approximately 3,500 people. Satisfactory relations have generally prevailed between the Company and its employees.

## ITEM 2. PROPERTIES.

The following table identifies the Company's manufacturing facilities by location and the industry segments utilizing such facilities:

California.....	Commerce (a)(a)
Illinois.....	Wood Dale (a)
Indiana.....	Auburn (c), Elkhart (b), Frankfort (a), Mongo (b)
Louisiana.....	Baton Rouge (c)
Massachusetts.....	Plymouth (d)
Michigan.....	Canton (b), Detroit (a), Warren (d)(d)(d)(d)
New Jersey.....	Edison (d), Netcong (d)
Ohio.....	Lakewood (a)(a)(a)
Texas.....	Houston (c)(c)(c), Longview (c)
Wisconsin.....	Mosinee (b)
Australia.....	Hampton Park, Victoria (b)
Canada.....	Brampton, Ontario (c), Fort Erie, Ontario (c), Oakville, Ontario (b), Sarnia, Ontario (c)
Mexico.....	Mexico City (c)

Note: Multiple footnotes to the same municipality denote separate facilities in that location. Industry segments in the preceding table are identified as follows: (a) Specialty Fasteners; (b) Towing Systems; (c) Specialty Container Products; and (d) Corporate Companies.

The Company's largest manufacturing facility, consisting of approximately 430,000 square feet, is located in Lakewood, Ohio. This facility is owned by the Company and is used to manufacture specialty fasteners. The Company's other manufacturing facilities range in size from approximately 10,000 to 250,000 square feet. Most of these other facilities are owned by the Company and are not subject to significant encumbrances. The Company's executive offices are leased facilities in Ann Arbor, Michigan.

The Company's buildings, machinery and equipment have been generally well maintained, are in good operating condition, and are adequate for the Company's current production requirements.

## ITEM 3. LEGAL PROCEEDINGS.

The Company is subject to claims and litigation in the ordinary course of its business, but does not believe any such claim or litigation is material.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

## SUPPLEMENTARY ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT (PURSUANT TO INSTRUCTION 3 TO ITEM 401(B) OF REGULATION S-K).

NAME	POSITION	AGE	OFFICER SINCE
Richard A. Manoogian.....	Chairman of the Board	59	1989
Brian P. Campbell.....	President	55	1986
William E. Meyers.....	Vice President-Controller	63	1987
Peter C. DeChants.....	Vice President-Treasurer	43	1990

Each of the officers is elected to a term of one year or less and serves at the discretion of the Board of Directors. Mr. Manoogian is and has been the Chairman of the Board and the Chief Executive Officer of each of Masco Corporation and MascoTech, Inc., affiliates of the Company. Masco Corporation is a manufacturer of home improvement and building products. MascoTech, Inc. manufactures products principally for the original equipment and aftermarket transportation markets. Each of the Company's executive officers has been employed in the capacity shown for more than five years.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The New York Stock Exchange ("NYSE") is the principal market on which the Company's Common Stock is traded (under the symbol TMS). The following table indicates the high and low sale prices for Company Common Stock as reported on the NYSE Composite Tape and Common Stock dividends declared for the periods indicated.

	MARKET PRICE		DIVIDENDS DECLARED
	HIGH	LOW	
1994			
First Quarter.....	\$28 1/2	\$22 3/4	\$ .03
Second Quarter.....	27 1/8	21 5/8	.04
Third Quarter.....	24 7/8	21 1/2	.04
Fourth Quarter.....	23 5/8	18 3/8	.04
			----
Total.....			\$ .15
			====
1995			
First Quarter.....	\$22 3/4	\$19 5/8	\$ .04
Second Quarter.....	24 1/4	20 1/4	.05
Third Quarter.....	25 1/2	20	.05
Fourth Quarter.....	22 1/4	18 3/8	.05
			----
Total.....			\$ .19
			====

On March 1, 1996 there were approximately 2,770 holders of record of Company Common Stock.

The Company expects that its practice of paying quarterly dividends on its Common Stock will continue, although future dividends will continue to depend upon the Company's earnings, capital requirements, financial condition and other factors.

## ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth summary consolidated financial information for the years and dates indicated:

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
	1995	1994	1993(A)	1992(B)	1991(C)
Net sales.....	\$553,490	\$535,480	\$443,230	\$388,230	\$339,440
Operating profit.....	\$ 98,680	\$ 91,400	\$ 70,020	\$ 58,620	\$ 53,980
Income before extraordinary charge.....	\$ 56,020	\$ 50,100	\$ 38,000	\$ 29,780	\$ 20,260
Earnings available for common stock before extraordinary charge.....	\$ 56,020	\$ 50,100	\$ 32,750	\$ 22,780	\$ 13,260
Earnings per common share before extraordinary charge:					
Primary.....	\$1.51	\$1.35	\$1.05	\$ .87	\$ .67
Fully diluted.....	\$1.42	\$1.28	\$1.01	\$ .87	\$ .67
Dividends declared per common share(D)....	\$ .19	\$ .15	\$ .115	\$ .05	
At December 31:					
Working capital.....	\$197,460	\$198,770	\$163,770	\$131,820	\$119,120
Total assets.....	\$616,360	\$615,140	\$564,130	\$446,620	\$448,760
Long-term debt.....	\$187,200	\$238,600	\$238,890	\$178,490	\$266,570
Shareholders' equity.....	\$338,670	\$290,600	\$244,850	\$215,440	\$115,570

(A) Reflects the acquisition of one business in 1993.

(B) Net income, earnings available for common stock and earnings per common share in 1992 were \$24.0 million, \$17.0 million and \$.65, respectively, after being reduced \$5.7 million, \$5.7 million and \$.22, respectively, for an extraordinary charge related to the early extinguishment of subordinated debt.

(C) Net income, earnings available for common stock and earnings per common share in 1991 were \$17.8 million, \$10.8 million and \$.54, respectively, after being reduced \$2.5 million, \$2.5 million and \$.13, respectively, for an extraordinary charge related to the early extinguishment of subordinated debt.

(D) In the third quarter of 1992 the Company initiated a regular quarterly dividend on its common stock.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

During 1995 TriMas achieved record net sales and operating earnings for the eighth consecutive year as it continued its focus on operating and financial strategies to improve operating performance and shareholder returns. These strategies include internal and external programs to strengthen the Company's competitive positions in key markets, including increased levels of manufacturing efficiency and customer service, new product development and market share initiatives, and the acquisition of selected companies which can enhance future growth and profitability.

The discussion which follows should be reviewed in conjunction with the financial statements and related footnotes to assist in understanding the Company's results of operations, its financial position, cash flows, capital structure and other relevant financial information.

ANALYSIS OF 1995 OPERATIONS COMPARED TO 1994 OPERATIONS

Record net sales of \$553.5 million in 1995 increased 3.4 percent over 1994 net sales of \$535.5 million. TriMas' strategic diversification of products and markets has balanced its operating risk over a broad range of industries, moderating the cyclical impact of individual markets. As in 1994, the results of the Company's strategic diversification, including emphasis on niche markets, manufacturing efficiencies and market share initiatives, played an important role in 1995's performance.

The Company's gross margin percentage increased to 32.9 percent in 1995, up from 32.5 percent in 1994. The improvement in 1995's gross margin reflects the incremental profit impact of increased sales as well as the effects of ongoing cost reduction and manufacturing efficiency initiatives. Selling, general and administrative expenses increased less than one percent in 1995 compared to 1994, and as a percentage of net sales declined to 15.1 percent, compared to 15.4 percent for 1994.

Consolidated operating profit, after general corporate expense, equaled \$98.7 million during 1995, compared to \$91.4 million in 1994, an increase of 8.0 percent, with operating profit margins of 17.8 percent and 17.1 percent in 1995 and 1994, respectively.

A record year was experienced by the Specialty Fasteners segment in both sales and operating profit as operating profit increased 12.4 percent to \$27.3 million, compared to \$24.3 million in 1994, while sales of \$141.1 million were 1.7 percent higher than 1994 sales of \$138.7 million. Higher levels of demand for aerospace fasteners and from farm equipment and other off-road vehicle manufacturers were partially offset by softness in demand from the construction market and from customers for heat treating services. As a result of higher sales levels and improved operating efficiencies, the segment operating profit margin increased to 19.3 percent in 1995, compared to 17.5 percent in 1994. In 1995 inventory turnover was 5.0 times as compared to 5.5 times in 1994. Capital expenditures during the year, primarily for Lake Erie Screw Corporation and TriMas Fasteners, Inc., were \$10.8 million, compared to 1994's \$9.1 million.

Record operating profit of the Towing Systems segment increased 21.1 percent to \$31.1 million, compared to \$25.7 million in 1994. Record segment sales increased 7.3 percent to \$175.0 million, compared to \$163.1 million in 1994. Operating performance of the segment was favorably impacted by market share initiatives and manufacturing efficiencies resulting from both 1994 and 1995 capital expenditure programs. The segment's 1995 operating profit margin equaled 17.8 percent, compared to 15.7 percent in 1994. Inventory turnover during the year was 3.2 times as compared to 3.1 times in 1994. Capital expenditures decreased to \$4.8 million, compared to \$6.7 million in 1994.

Sales of the Specialty Container Products segment equaled \$165.7 million in 1995, a 1.1 percent increase compared to \$163.9 million in 1994. Segment operating profit totaled \$39.0 million, compared to \$39.1 million in the prior year. The segment's operating profit margin in 1995 was 23.6 percent, compared to 23.8 percent in 1994. The segment's inventory turnover was 6.3 times in both 1995 and 1994. Capital expenditures for the segment, primarily to further improve manufacturing efficiencies and service capabilities, were \$5.8 million, compared to \$5.4 million in 1994.

The Corporate Companies segment experienced record sales during 1995 of \$71.8 million, an increase of 2.9 percent compared to \$69.8 million in 1994. Operating profit decreased 14.5 percent to \$8.4 million, compared to \$9.9 million in 1994. Significant price increases for certain raw materials were the primary cause of the reduced operating profit. Operating profit margin in 1995 equaled 11.7 percent, compared to 14.1 percent in 1994. In 1995 inventory turnover was 5.4 times as compared to 5.6 times in 1994. Capital expenditures during the year decreased to \$2.0 million, compared to \$3.0 million in 1994.

Primary earnings per common share increased 11.9 percent to \$1.51 in 1995 based on 37.0 million average common shares and equivalents outstanding, compared to \$1.35 in 1994. Fully diluted earnings per common share in 1995 were \$1.42 based on 42.1 million average common shares and equivalents outstanding, compared to \$1.28 in 1994, an increase of 10.9 percent.

#### ANALYSIS OF 1994 OPERATIONS COMPARED TO 1993 OPERATIONS

TriMas achieved net sales of \$535.5 million in 1994, an increase of 20.8 percent over 1993 net sales of \$443.2 million. As in 1993, the results of the Company's strategic diversification, including emphasis on niche markets, manufacturing efficiencies and market share initiatives, played an important role in 1994's sales performance.

The Company's gross margin percentage increased to 32.5 percent in 1994, up from 32.1 percent in 1993. The improvement in 1994's gross margin reflects the incremental profit impact of increased sales volumes as well as the effects of ongoing cost reduction and manufacturing efficiency initiatives. Selling, general and administrative expenses increased 14.5 percent in 1994 compared to 1993, but as a percentage of net sales decreased to 15.4 percent, compared to 16.3 percent for 1993.

Consolidated operating profit, after general corporate expense, equaled \$91.4 million during 1994, compared to \$70.0 million in 1993, an increase of 30.5 percent, with operating profit margins of 17.1 percent and 15.8 percent in 1994 and 1993, respectively.

The Specialty Fasteners segment operating profit increased 26.1 percent to \$24.3 million, compared to \$19.3 million in 1993, while sales of \$138.7 million were 13.0 percent higher than 1993 sales of \$122.7 million. Higher levels of economic activity contributed to segment sales increases during 1994, reflected by increased sales to the heavy-duty truck, distribution and other original equipment markets. As a result of higher sales levels and improved operating efficiencies, the segment operating profit margin increased to 17.5 percent in 1994, compared to 15.7 percent in 1993. In 1994 inventory turnover was 5.5 times as compared to 5.1 times in 1993. Capital expenditures during the year, primarily for Lake Erie Screw Corporation and TriMas Fasteners, Inc., were \$9.1 million, compared to 1993's \$9.2 million.

Operating profit of the Towing Systems segment increased 15.8 percent to \$25.7 million, compared to \$22.2 million in 1993. Segment sales increased 16.7 percent to \$163.1 million, compared to \$139.8 million in 1993. Operating performance of the segment was favorably impacted by higher domestic vehicle sales, market share initiatives and manufacturing efficiencies resulting from both 1993 and 1994 capital expenditure programs. The segment's 1994 operating profit margin equaled 15.7 percent, compared to 15.8 percent in 1993. Inventory turnover during the year was 3.1 times as compared to 3.0 times in 1993. Capital expenditures decreased to \$6.7 million, compared to \$7.9 million in 1993.

In 1994 operating profit of the Specialty Container Products segment increased 35.5 percent to \$39.1 million, compared to \$28.8 million in 1993. Segment sales of \$163.9 million were 37.7 percent higher than 1993's \$119.0 million. Lamons Metal Gasket Co. was acquired in November 1993 and a full year of its operations were included in 1994 segment results. The segment's operating profit margin in 1994 of 23.8 percent was affected by full year acquisition related expenses at Lamons. Although Lamons' historical operating profit margin has been lower relative to the combined historical margin of the other two segment companies, its margins have consistently met or exceeded the high standards of the Company's acquisition criteria. In 1993 the segment's operating margin equaled 24.2 percent. The segment's inventory turnover was 6.3 times in 1994, compared to 6.6 times during 1993. Capital expenditures for the segment, primarily to

further improve manufacturing efficiencies and service capabilities, were \$5.4 million, compared to \$7.8 million in 1993.

The Corporate Companies segment operating profit increased 38.5 percent to \$9.9 million, compared to \$7.1 million in 1993. Segment sales of \$69.8 million increased 13.0 percent, compared to \$61.7 million in 1993. The Precision Cutting Tools group and Compac Corporation both benefited from the generally stronger economy. Compac Corporation's continued expansion in specialty industrial tape niche markets and the cost savings associated with the successful consolidation of two industrial tape manufacturing facilities during the latter part of the year also contributed to 1994's sales and earnings increases. All of these factors contributed to the segment's 1994 operating profit margin of 14.1 percent exceeding that achieved in 1993 of 11.5 percent. In 1994 inventory turnover was 5.6 times as compared to 5.3 times in 1993. Capital expenditures during the year increased to \$3.0 million, compared to \$1.3 million in 1993.

Primary earnings per common share increased 28.6 percent to \$1.35 in 1994 based on 37.0 million average common shares and equivalents outstanding, compared to \$1.05 and 31.1 million shares and equivalents outstanding in 1993. The increase in primary shares outstanding was principally the result of the conversion of the Company's \$100 Convertible Participating Preferred Stock in December 1993. Fully diluted earnings per common share in 1994 were \$1.28, based on 42.1 million average common shares and equivalents outstanding, compared to \$1.01 and 39.1 million shares and equivalents outstanding in 1993. The increase in fully diluted shares in 1994 was principally the result of the issuance of the 5% Convertible Subordinated Debentures Due 2003 in August 1993, which are convertible into 5.1 million common shares.

#### LIQUIDITY, WORKING CAPITAL AND CASH FLOWS

Among the Company's financial strategies are maintaining relatively high levels of liquidity and cash flow, which continued in 1995. Historically, TriMas Corporation has generated significant cash flows from operating activities to fund capital expenditures, debt service, dividends and other operating requirements. Cash flow generation has been enhanced by the Company's continuing efforts to improve operating efficiencies, cost reductions and the management of working capital requirements to support increased sales volumes.

One of the Company's strengths is its ability to generate cash from operations in excess of requirements for capital investments and dividends.

"Free Cash Flow": Free Cash Flow is cash from operations remaining after the Company has satisfied its capital investment initiatives to enhance manufacturing efficiencies, expand productive capacity and avail itself of other competitive opportunities. As one of its financial strategies, the Company focuses on maximizing Free Cash Flow to achieve management's primary objective--maximizing long-term shareholder value. The consolidated statements of cash flows are summarized as follows (in thousands):

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Cash flows from (used for):			
Operations.....	\$ 66,250	\$ 67,670	\$ 50,100
Capital expenditures.....	(23,470)	(24,310)	(26,280)
"Free Cash Flow".....	42,780	43,360	23,820
Cash flows from (used for):			
Acquisitions.....			(60,280)
Financing.....	(58,060)	(5,460)	41,460
Increase (decrease) in cash and cash equivalents.....	\$(15,280)	\$ 37,900	\$ 5,000
	=====	=====	=====

In 1995 the Company again experienced strong operating cash flows as operating activities provided \$66.3 million. Increased cash flow from income and noncash charges for depreciation and amortization during 1995 were partially offset by working capital needs to support 1995's internal sales growth as new product successes and marketing initiatives contributed to record sales levels in all four segments. Capital expenditures to reduce

product costs, improve quality, increase manufacturing efficiencies and expand productive capacity equaled \$23.5 million in 1995, \$24.3 million in 1994 and \$26.3 million in 1993. During the three year period approximately \$18.6 million of capital expenditures were for capacity expansion in the Specialty Fasteners segment at the Company's TriMas Fasteners, Inc. facility in Indiana. The Company continues its active corporate development efforts to complement internal growth through significant investments for the acquisition of additional companies which meet TriMas' selective criteria. In 1993 the Company acquired Lamons Metal Gasket Co. for \$60.3 million cash.

In 1995 the Company used a portion of its significant cash resources to retire \$51.5 million of long-term debt. The majority of this amount, \$50.0 million, was the repayment of borrowings under the Company's bank revolving credit agreement which were originally incurred to finance prior acquisitions. The Company borrowed \$60.0 million in 1993 under its bank revolving credit agreement to finance the acquisition of Lamons. Also in 1993 the Company issued \$115.0 million of 5% Convertible Subordinated Debentures Due 2003. The net proceeds of the offering of \$112.0 million, together with \$3.0 million of available cash resources, were used to redeem \$115.0 million of borrowings under the Company's bank revolving credit agreement.

Common stock dividends paid in 1995, 1994 and 1993 equaled \$6.6 million, \$5.1 million and \$3.2 million, respectively. In 1993 the Company paid \$12.3 million in preferred stock dividends representing dividends accrued through the first three quarters of 1993 and the full year 1992.

The Company believes its cash flows from operations, along with its borrowing capacity and access to financial markets, are adequate to fund its strategies for future growth, including working capital, expenditures for manufacturing expansion and efficiencies, market share initiatives, and corporate development activities.

At December 31, 1995, the Company's current ratio was 4.6 to 1 and working capital totaled \$197.5 million, including \$92.4 million of cash and cash equivalents. At December 31, 1994, the current ratio was 4.5 to 1 and working capital totaled \$198.8 million, including \$107.7 million of cash and cash equivalents.

The Company's working capital turnover was 2.7 times in 1995, compared to 3.0 times in 1994. Excluding cash, the working capital turnover was 5.4 times in 1995 as compared to 5.6 times in 1994. The Company's inventory turned over 4.5 times in 1995, compared to 4.6 times in 1994, while the accounts receivable days-sales year end balance equaled 52 days in 1995, compared to 51 days in 1994.

The Company has a \$350.0 million revolving credit facility, maturing in 2000, with a group of domestic and international banks. The facility permits the Company to borrow under several different interest rate options. At December 31, 1995, the Company had available credit of \$278.0 million under the credit agreement.

In October 1995 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation. The Company will adopt the disclosure requirements of this Statement in 1996 and it will not have a material effect on its financial statements.

#### CORPORATE DEVELOPMENT

The Company maintains an active acquisition program, which has made important contributions to the Company's growth. During 1993 the Company acquired Lamons Metal Gasket Co. from MascoTech, Inc. for \$60.3 million cash and the assumption of certain liabilities, plus contingent payments based upon Lamons achieving specified levels of future earnings.

The Company utilizes well-disciplined criteria in selecting acquisitions, including the long-term enhancement of its financial strength and shareholder value.

The initial earnings benefit of acquisitions to the Company is less than the corresponding increase in sales since earnings are reduced by acquisition related costs such as interest and added depreciation and amortization. Generally, the anticipated earnings improvement for the Company comes from subsequent growth of acquired companies, since future incremental sales are not burdened with these fixed acquisition costs.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors  
and Shareholders of TriMas Corporation:

We have audited the consolidated financial statements and the financial statement schedule of TriMas Corporation and subsidiaries listed in Item 14(a) of this Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TriMas Corporation and subsidiaries as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan  
February 7, 1996

TRIMAS CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
Net sales.....	\$ 553,490,000	\$ 535,480,000	\$ 443,230,000
Cost of sales.....	(371,470,000)	(361,520,000)	(301,130,000)
Selling, general and administrative expenses....	(83,340,000)	(82,560,000)	(72,080,000)
Operating profit.....	98,680,000	91,400,000	70,020,000
Interest expense.....	(13,530,000)	(12,930,000)	(9,420,000)
Other, net (principally interest income).....	6,690,000	5,030,000	3,270,000
Income before income taxes.....	91,840,000	83,500,000	63,870,000
Income taxes.....	35,820,000	33,400,000	25,870,000
Net income.....	\$ 56,020,000	\$ 50,100,000	\$ 38,000,000
Preferred stock dividends, MascoTech, Inc.....			\$ 5,250,000
Earnings available for common stock.....	\$ 56,020,000	\$ 50,100,000	\$ 32,750,000
Earnings per common share:			
Primary.....	\$1.51	\$1.35	\$1.05
Fully diluted.....	\$1.42	\$1.28	\$1.01

The accompanying notes are an integral part of the consolidated financial statements.

TRIMAS CORPORATION  
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	1995	1994
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 92,390,000	\$107,670,000
Receivables.....	71,200,000	64,190,000
Inventories.....	85,490,000	79,560,000
Other current assets.....	2,510,000	3,590,000
	-----	-----
Total current assets.....	251,590,000	255,010,000
Property and equipment.....	173,700,000	168,380,000
Excess of cost over net assets of acquired companies.....	144,860,000	149,160,000
Other assets.....	46,210,000	42,590,000
	-----	-----
Total assets.....	\$616,360,000	\$615,140,000
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable.....	\$ 24,390,000	\$ 21,590,000
Other current liabilities.....	29,740,000	34,650,000
	-----	-----
Total current liabilities.....	54,130,000	56,240,000
Deferred income taxes and other.....	36,360,000	29,700,000
Long-term debt.....	187,200,000	238,600,000
	-----	-----
Total liabilities.....	277,690,000	324,540,000
	-----	-----
Shareholders' equity:		
Common stock, \$.01 par value, authorized 100 million shares, outstanding 36.6 million shares.....	370,000	370,000
Paid-in capital.....	155,430,000	155,210,000
Retained earnings.....	185,370,000	136,310,000
Cumulative translation adjustments.....	(2,500,000)	(1,290,000)
	-----	-----
Total shareholders' equity.....	338,670,000	290,600,000
	-----	-----
Total liabilities and shareholders' equity.....	\$616,360,000	\$615,140,000
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

TRIMAS CORPORATION  
 CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
<b>CASH FROM (USED FOR):</b>			
<b>OPERATIONS:</b>			
Net income.....	\$ 56,020,000	\$ 50,100,000	\$ 38,000,000
Adjustments to reconcile net income to net cash from operations:			
Depreciation and amortization.....	21,480,000	20,580,000	18,470,000
Deferred income taxes.....	5,560,000	3,210,000	500,000
(Increase) decrease in receivables.....	(4,670,000)	(7,280,000)	(4,250,000)
(Increase) decrease in inventories.....	(5,930,000)	(2,860,000)	(8,120,000)
Increase (decrease) in accounts payable and accrued liabilities.....	(2,500,000)	5,110,000	3,770,000
Other, net.....	(3,710,000)	(1,190,000)	1,730,000
Net cash from operations.....	66,250,000	67,670,000	50,100,000
<b>INVESTMENTS:</b>			
Capital expenditures.....	(23,470,000)	(24,310,000)	(26,280,000)
Acquisitions, net of cash acquired.....			(60,280,000)
Net cash from (used for) investments.....	(23,470,000)	(24,310,000)	(86,560,000)
<b>FINANCING:</b>			
Long-term debt:			
Issuance.....			60,000,000
Retirement.....	(51,470,000)	(330,000)	(115,150,000)
Issuance of convertible subordinated debt, net.....			112,030,000
Preferred stock dividends paid to MascoTech, Inc.....			(12,250,000)
Common stock dividends paid.....	(6,590,000)	(5,130,000)	(3,170,000)
Net cash from (used for) financing....	(58,060,000)	(5,460,000)	41,460,000
<b>CASH AND CASH EQUIVALENTS:</b>			
Increase (decrease) for the year.....	(15,280,000)	37,900,000	5,000,000
At beginning of the year.....	107,670,000	69,770,000	64,770,000
At end of the year.....	\$ 92,390,000	\$107,670,000	\$ 69,770,000

The accompanying notes are an integral part of the consolidated financial statements.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1. ACCOUNTING POLICIES

## PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of TriMas Corporation and its wholly owned subsidiaries (the "Company"). All significant intercompany transactions have been eliminated. Certain amounts in prior period financial statements have been reclassified to conform with current year presentation.

## ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## AFFILIATES

As of December 31, 1995, MascoTech, Inc.'s common stock ownership in the Company approximated 41.5 percent, and Masco Corporation's common stock ownership approximated 5.3 percent. The Company has a corporate services agreement with Masco Corporation. Under the terms of the agreement, the Company pays a fee to Masco Corporation for various corporate support staff, administrative services, and research and development services. Such fee equals .8 percent of the Company's net sales, subject to certain adjustments.

## CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 1995, the Company had \$79.5 million invested in prime commercial paper of several United States issuers having the highest rating given by one of the two principal rating agencies.

## RECEIVABLES

Receivables are presented net of an allowance for doubtful accounts of \$1.5 million and \$2.0 million at December 31, 1995 and 1994.

## INVENTORIES

Inventories are stated at the lower of cost or net realizable value, with cost determined principally by use of the first-in, first-out method.

## PROPERTY AND EQUIPMENT

Property and equipment additions, including significant betterments, are recorded at cost. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Maintenance and repair costs are charged to expense as incurred.

## DEPRECIATION AND AMORTIZATION

Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and land improvements, 2 1/2 to 5 percent, and machinery and equipment, 6 2/3 to 33 1/3 percent. The excess of cost over net assets of acquired companies is being amortized using the straight-line method over the periods estimated to be benefited, not exceeding

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 1. ACCOUNTING POLICIES (CONTINUED)

40 years. At December 31, 1995 and 1994, accumulated amortization of the excess of cost over net assets of acquired companies and other intangible assets was \$31.3 million and \$26.8 million. Amortization expense was \$5.0 million, \$5.3 million and \$4.5 million in 1995, 1994 and 1993.

As of each balance sheet date management assesses whether there has been an impairment in the value of excess of cost over net assets of acquired companies by comparing anticipated undiscounted future cash flows from the related operating activities with the carrying value. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors. Based on this assessment there was no impairment at December 31, 1995.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial instruments classified in the balance sheet as current assets and current liabilities approximate fair values. The fair value of notes receivable, portions of which are classified as both receivables and other assets, based on discounted cash flows using current interest rates approximates the carrying value of \$12.0 million at December 31, 1995.

The carrying amount of borrowings from banks approximates fair value as the floating rates applicable to this debt reflect changes in overall market interest rates. The fair value of the Company's Convertible Subordinated Debentures, based on quoted market prices, was \$112.7 million at both December 31, 1995 and 1994, as compared to the carrying value on such dates of \$115.0 million.

## INCOME TAXES

The Company has not provided for taxes on \$15.5 million of undistributed earnings of foreign subsidiaries at December 31, 1995, because such earnings are generally considered permanently reinvested.

## FOREIGN CURRENCY TRANSLATION

Net assets of the Company's operations outside of the United States are translated into U.S. dollars using current exchange rates with the effects of translation adjustments deferred and included as a separate component of shareholders' equity. Revenues and expenses are translated at the average rates of exchange during the period.

## EARNINGS PER COMMON SHARE

Primary earnings per common share in 1995, 1994 and 1993 were calculated on the basis of 37.0 million, 37.0 million and 31.1 million weighted average common and common equivalent shares outstanding. Fully diluted earnings per common share in 1995, 1994 and 1993 were calculated on the basis of 42.1 million, 42.1 million and 39.1 million weighted average common and common equivalent shares outstanding.

## NOTE 2. ACQUISITION

During 1993 the Company acquired all of the capital stock of Lamons Metal Gasket Co. ("Lamons") from MascoTech, Inc. for \$60.3 million cash and the assumption of certain liabilities. The acquisition was accounted for as a purchase. The excess of cost over net assets acquired of approximately \$46.6 million is being amortized on a straight-line basis over 40 years. Additional purchase price amounts, contingent upon the achievement of specified levels of future profitability by Lamons, may be payable to MascoTech, Inc. beginning in 1997. These payments, if required, will be recorded as additional excess of cost over net assets of acquired businesses.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 3. SUPPLEMENTAL CASH FLOWS INFORMATION

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
Interest paid.....	\$13,560	\$12,110	\$ 7,470
Income taxes paid.....	\$30,690	\$30,440	\$21,540
Significant noncash transactions:			
Common stock dividends declared, payable in subsequent year....	\$ 1,830	\$ 1,460	\$ 1,100
Assumption of liabilities as partial consideration for the assets of companies acquired.....			\$ 7,380

## NOTE 4. INVENTORIES

	(IN THOUSANDS)	
	AT DECEMBER 31,	
	1995	1994
Finished goods.....	\$47,490	\$44,860
Work in process.....	14,200	10,440
Raw material.....	23,800	24,260
	\$85,490	\$79,560

## NOTE 5. PROPERTY AND EQUIPMENT

	(IN THOUSANDS)	
	AT DECEMBER 31,	
	1995	1994
Cost:		
Land and land improvements.....	\$ 13,380	\$ 13,500
Buildings.....	65,560	63,770
Machinery and equipment.....	211,540	194,380
	290,480	271,650
Less accumulated depreciation.....	116,780	103,270
	\$173,700	\$168,380

Depreciation expense was \$16.4 million, \$15.2 million and \$13.9 million in 1995, 1994 and 1993.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 6. OTHER CURRENT LIABILITIES

	(IN THOUSANDS) AT DECEMBER 31,	
	1995	1994
Employee wages and benefits.....	\$16,010	\$15,320
Interest.....	2,820	3,180
Property taxes.....	1,890	2,330
Dividends.....	1,830	1,460
Current income taxes.....	1,080	1,540
Other.....	6,110	10,820
	-----	-----
	\$29,740	\$34,650
	=====	=====

## NOTE 7. LONG-TERM DEBT

	(IN THOUSANDS) AT DECEMBER 31,	
	1995	1994
Borrowings from banks.....	\$ 72,000	\$122,000
5% Convertible Subordinated Debentures Due 2003.....	115,000	115,000
Other.....	410	1,880
	-----	-----
	187,410	238,880
Less current maturities.....	210	280
	-----	-----
	\$187,200	\$238,600
	=====	=====

Borrowings from banks are owing under the Company's \$350.0 million revolving credit facility, maturing in 2000, with a group of domestic and international banks. During 1995 the Company repaid \$50.0 million of these borrowings which were originally incurred to finance prior acquisitions. The facility permits the Company to borrow under several different interest rate options. At December 31, 1995, the blended interest rate on these borrowings equaled 6.1 percent. The facility contains certain restrictive covenants, the most restrictive of which, at December 31, 1995, required \$239.4 million of shareholders' equity. The Company had available credit of \$278.0 million under its revolving credit facility at December 31, 1995.

The 5% Convertible Subordinated Debentures are convertible into Company common stock at \$22 5/8 per share, subject to adjustment for certain events. The Debentures are redeemable, at a premium, at the Company's option after August 1, 1996.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 8. SHAREHOLDERS' EQUITY

	(IN THOUSANDS)				CUMULATIVE	
	PREFERRED	COMMON	PAID-IN	RETAINED	TRANSLATION	TOTAL
	STOCK	STOCK	CAPITAL	EARNINGS	ADJUSTMENTS	
	-----	-----	-----	-----	-----	-----
Balance, January 1, 1993.....	\$ 70	\$140	\$153,740	\$ 62,500	\$(1,010)	\$215,440
Net income.....				38,000		38,000
Common stock distribution.....		150	(150)			
Common stock dividends.....				(3,550)		(3,550)
Preferred stock dividends.....				(5,250)		(5,250)
Preferred stock conversion.....	(70)	80	(10)			
Other.....			610		(400)	210
	---	----	-----	-----	-----	-----
Balance, December 31, 1993.....	-0-	370	154,190	91,700	(1,410)	244,850
Net income.....				50,100		50,100
Common stock dividends.....				(5,490)		(5,490)
Other.....			1,020		120	1,140
	---	----	-----	-----	-----	-----
Balance, December 31, 1994.....	-0-	370	155,210	136,310	(1,290)	290,600
Net income.....				56,020		56,020
Common stock dividends.....				(6,960)		(6,960)
Other.....			220		(1,210)	(990)
	---	----	-----	-----	-----	-----
Balance, December 31, 1995.....	\$ -0-	\$370	\$155,430	\$185,370	\$(2,500)	\$338,670
	===	====	=====	=====	=====	=====

During 1993 the dividends on the \$100 Convertible Participating Preferred Stock, held by MascoTech, Inc., converted from an annual to a quarterly payment schedule. Therefore, the Company paid \$12.3 million in preferred stock dividends in 1993 representing dividends accrued through the first three quarters of 1993 and the full year 1992. In December 1993 MascoTech, Inc. converted all of the preferred stock into 7.8 million shares of Company common stock.

On the basis of amounts paid (declared), cash dividends per common share were \$.18 (\$.19) in 1995, \$.14 (\$.15) in 1994 and \$.11 (\$.115) in 1993.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 9. STOCK OPTIONS AND AWARDS

At the Company's Annual Meeting held in May 1995 stockholders approved the TriMas Corporation 1995 Long Term Stock Incentive Plan which replaced the Company's 1988 Restricted Stock Incentive Plan and its 1988 Stock Option Plan. Company common stock available for grant under the 1995 plan includes the 2,000,000 shares initially established, plus additional shares resulting from certain reacquisitions of shares by the Company.

For the three years ended December 31, 1995, stock option data pertaining to stock option plans for key employees of the Company are as follows (option prices are the fair market value at the dates of grant):

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
Options outstanding, January 1.....	594,200	604,000	606,000
Options granted.....	4,864		
Option price per share.....	\$19 3/4-\$23 1/2		
Options exercised.....	23,000	9,800	2,000
Option price per share.....	\$8 7/8	\$8 7/8	\$8 7/8
Options outstanding, December 31.....	576,064	594,200	604,000
Option price per share.....	\$7 1/2-\$23 1/2	\$7 1/2-\$8 7/8	\$7 1/2-\$8 7/8
Exercisable, December 31.....	260,464	218,000	167,200

Pursuant to restricted stock incentive plans, the Company granted long-term incentive awards of Company common stock, net, for 290,588 shares in 1995, 88,118 shares in 1994 and 129,212 shares in 1993, to key employees of the Company. The unamortized costs of incentive awards, aggregating \$12.7 million at December 31, 1995, are being amortized over the ten year vesting periods.

At December 31, 1995 and 1994, a combined total of 2,055,803 and 331,826 shares of Company common stock were available for the granting of options and incentive awards under the aforementioned plans.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 10. RETIREMENT PLANS

The Company has noncontributory retirement benefit plans, both defined benefit and profit-sharing plans, and other defined contribution plans for most of its employees.

The annual expense for all plans was:

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER		
	31,		
	1995	1994	1993
	-----	-----	-----
Defined contribution plans.....	\$3,470	\$3,320	\$2,300
Defined benefit plans.....	1,690	890	500
	-----	-----	-----
	\$5,160	\$4,210	\$2,800
	=====	=====	=====

Contributions to profit-sharing and other defined contribution plans are generally determined as a percentage of the covered employee's annual salary.

Defined benefit plans provide retirement benefits for salaried employees based primarily on years of service and average earnings for the five highest consecutive years of compensation. Defined benefit plans covering hourly employees generally provide benefits of stated amounts for each year of service. These plans are funded based on an actuarial evaluation and review of the assets, liabilities and requirements of each plan. Plan assets are held by a trustee and invested principally in cash equivalents and marketable equity and fixed income instruments.

Net periodic pension cost of defined benefit plans includes the following components:

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER		
	31,		
	1995	1994	1993
	-----	-----	-----
Service cost.....	\$ 2,000	\$ 2,490	\$ 2,030
Interest cost.....	3,570	3,310	2,920
Actual (return)/loss on assets.....	(5,360)	1,820	(5,900)
Net amortization and deferral.....	1,480	(6,730)	1,450
	-----	-----	-----
	\$ 1,690	\$ 890	\$ 500
	=====	=====	=====

Weighted average rate assumptions used were as follows:

	1995	1994	1993
	-----	-----	-----
Discount rate.....	7.3%	8.5%	7.0%
Rate of increase in compensation levels.....	5.1%	5.1%	5.1%
Expected long-term rate of return on plan assets.....	10.7%	12.5%	12.1%

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 10. RETIREMENT PLANS (CONTINUED)

The following table sets forth the funded status of the defined benefit plans:

	(IN THOUSANDS) AT DECEMBER 31,			
	1995		1994	
	PLANS WHERE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHERE ACCUMULATED BENEFITS EXCEED ASSETS	PLANS WHERE ASSETS EXCEED ACCUMULATED BENEFITS	PLANS WHERE ACCUMULATED BENEFITS EXCEED ASSETS
Actuarial present value of:				
Vested benefit obligation.....	\$30,680	\$11,530	\$23,460	\$ 8,170
Accumulated benefit obligation.....	\$31,000	\$12,960	\$23,860	\$ 9,540
Projected benefit obligation.....	\$39,900	\$13,980	\$30,840	\$10,310
Plan assets at fair value.....	33,640	7,790	30,390	7,310
Projected benefit obligation (in excess of) or less than plan assets.....	(6,260)	(6,190)	(450)	(3,000)
Unrecognized net (asset) or obligation.....	(1,160)	420	(1,340)	440
Unrecognized prior service cost.....	440	1,670	480	1,750
Unrecognized net (gain) or loss.....	7,910	3,230	2,910	810
Requirement to recognize minimum liability....		(4,300)		(2,350)
Prepaid pension cost or (pension liability).....	\$ 930	\$(5,170)	\$ 1,600	\$(2,350)

The Company provides postretirement health care and life insurance benefits for certain eligible retired employees under unfunded plans. Some of the plans have cost-sharing provisions. Net periodic postretirement benefit costs during 1995, 1994 and 1993 were \$.8 million, \$.8 million and \$1.0 million.

The aggregate accumulated postretirement benefit obligation of these unfunded plans was \$7.1 million and \$5.4 million at December 31, 1995 and 1994. The discount rates used in determining the accumulated postretirement benefit obligations and the net periodic postretirement benefit costs were 7.3 percent, 8.5 percent and 7.0 percent in 1995, 1994 and 1993. The assumed health care cost trend rate in 1995 was 12.0 percent, decreasing to an ultimate rate in the years subsequent to 2000 of seven percent. A one percent increase in the assumed health care cost trend rates would have increased the net periodic postretirement benefit cost by \$.1 million during 1995 and would have increased the accumulated postretirement benefit obligation at December 31, 1995, by \$.9 million. The Company is amortizing the unrecognized transition accumulated postretirement benefit obligation and subsequent plan net gains and losses in accordance with Statement of Financial Accounting Standards No. 106. The accrued postretirement benefit obligation was \$3.1 million and \$2.8 million at December 31, 1995 and 1994.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 11. BUSINESS SEGMENT INFORMATION

The Company's operations in its business segments consist principally of the manufacture and sale of the following:

Specialty Fasteners: Cold formed fasteners and related metallurgical processing.

Towing Systems: Vehicle hitches, jacks, winches, couplers and related towing accessories.

Specialty Container Products: Industrial container closures, pressurized gas cylinders and metallic and nonmetallic gaskets.

Corporate Companies: Specialty drills, cutters and specialized metal finishing services, and flame-retardant facings and jacketings and pressure-sensitive tapes.

Corporate assets consist primarily of cash and cash equivalents.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 11. BUSINESS SEGMENT INFORMATION (CONTINUED)

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
<b>NET SALES</b>			
Specialty Fasteners.....	\$141,050	\$138,720	\$122,740
Towing Systems.....	175,000	163,130	139,790
Specialty Container Products.....	165,670	163,880	118,970
Corporate Companies.....	71,770	69,750	61,730
	-----	-----	-----
Total net sales.....	\$553,490	\$535,480	\$443,230
	=====	=====	=====
<b>OPERATING PROFIT</b>			
Specialty Fasteners.....	\$ 27,290	\$ 24,280	\$ 19,250
Towing Systems.....	31,080	25,660	22,150
Specialty Container Products.....	39,040	39,060	28,820
Corporate Companies.....	8,420	9,850	7,110
	-----	-----	-----
Total operating profit.....	105,830	98,850	77,330
Other income (expense), net.....	(6,840)	(7,900)	(6,150)
General corporate expense.....	(7,150)	(7,450)	(7,310)
	-----	-----	-----
Income before income taxes.....	\$ 91,840	\$ 83,500	\$ 63,870
	=====	=====	=====
<b>IDENTIFIABLE ASSETS AT DECEMBER 31</b>			
Specialty Fasteners.....	\$146,200	\$137,190	\$131,110
Towing Systems.....	151,160	148,890	142,340
Specialty Container Products.....	149,790	150,360	144,890
Corporate Companies.....	56,230	55,210	53,060
Corporate.....	112,980	123,490	92,730
	-----	-----	-----
Total assets.....	\$616,360	\$615,140	\$564,130
	=====	=====	=====
<b>CAPITAL EXPENDITURES</b>			
Specialty Fasteners.....	\$ 10,840	\$ 9,140	\$ 9,170
Towing Systems.....	4,790	6,720	7,930
Specialty Container Products.....	5,780	5,420	14,870
Corporate Companies.....	2,030	3,000	1,320
Corporate.....	30	30	20
	-----	-----	-----
Total capital expenditures.....	\$ 23,470	\$ 24,310	\$ 33,310(A)
	=====	=====	=====
<b>DEPRECIATION AND AMORTIZATION</b>			
Specialty Fasteners.....	\$ 7,230	\$ 6,970	\$ 6,490
Towing Systems.....	5,610	5,390	5,250
Specialty Container Products.....	6,140	5,790	4,410
Corporate Companies.....	2,430	2,360	2,240
Corporate.....	70	70	80
	-----	-----	-----
Total depreciation and amortization.....	\$ 21,480	\$ 20,580	\$ 18,470
	=====	=====	=====

Operations are located principally in the United States.

Export sales equaled less than ten percent of total sales for each of the three years presented.

(A) Including \$7.0 million from a business acquired.

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 12. INCOME TAXES

	(IN THOUSANDS)		
	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
Income before income taxes:			
Domestic.....	\$86,900	\$79,040	\$60,630
Foreign.....	4,940	4,460	3,240
	\$91,840	\$83,500	\$63,870
	=====	=====	=====
Provision for income taxes:			
Federal.....	\$23,810	\$24,240	\$20,980
State and local.....	4,460	4,100	2,870
Foreign.....	1,990	1,850	1,520
Deferred, principally federal.....	5,560	3,210	500
	\$35,820	\$33,400	\$25,870
	=====	=====	=====

The following is a reconciliation of the U.S. federal statutory tax rate to the effective tax rate:

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1994	1993
U.S. federal statutory tax rate.....	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit.....	3.1	3.2	2.9
Foreign taxes in excess of U.S. federal tax rate.....	.3	.3	.6
Nondeductible amortization of excess of cost over net assets of acquired companies.....	.7	.8	1.7
Other, net.....	(.1)	.7	.3
	-----	-----	-----
Effective tax rate.....	39.0%	40.0%	40.5%
	=====	=====	=====

Items that gave rise to deferred taxes:

	(IN THOUSANDS)			
	1995		1994	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Property and equipment.....		\$ 21,040		\$ 19,620
Intangible assets.....		3,840		2,600
Inventory.....	\$1,080		\$ 740	
Other.....	2,110	4,600	5,500	4,520
	\$3,190	\$ 29,480	\$6,240	\$ 26,740
	=====	=====	=====	=====

## TRIMAS CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONCLUDED)

## NOTE 13. INTERIM FINANCIAL INFORMATION (UNAUDITED)

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)			
	QUARTERS ENDED			
	DECEMBER 31ST	SEPTEMBER 30TH	JUNE 30TH	MARCH 31ST
1995:				
Net sales.....	\$122,090	\$ 131,880	\$151,920	\$147,600
Gross profit.....	\$ 41,370	\$ 42,520	\$ 50,530	\$ 47,600
Net income.....	\$ 12,800	\$ 13,220	\$ 16,560	\$ 13,440
Primary earnings per common share.....	\$.35	\$.36	\$.45	\$.36
Fully diluted earnings per common share.....	\$.33	\$.34	\$.42	\$.34
Weighted average common and common equivalent shares outstanding:				
Primary.....	36,978	36,998	37,001	36,996
Fully diluted.....	42,061	42,080	42,088	42,090
1994:				
Net sales.....	\$120,490	\$ 133,590	\$146,940	\$134,460
Gross profit.....	\$ 39,800	\$ 43,580	\$ 49,320	\$ 41,260
Net income.....	\$ 11,960	\$ 12,370	\$ 14,940	\$ 10,830
Primary earnings per common share.....	\$.32	\$.33	\$.40	\$.29
Fully diluted earnings per common share.....	\$.31	\$.32	\$.38	\$.28
Weighted average common and common equivalent shares outstanding:				
Primary.....	37,001	37,022	37,038	37,040
Fully diluted.....	42,084	42,104	42,120	42,123

Earnings per common share in the fourth quarter of 1995 and 1994 were improved by \$.07 and \$.06, net, resulting from various year end adjustments to accrual estimates recorded earlier in each year.

Quarterly earnings per common share amounts for both 1995 and 1994 do not total to the full year amounts due to rounding.

## QUARTERLY COMMON STOCK PRICE AND DIVIDEND INFORMATION:

1995 QUARTER	MARKET PRICE		DIVIDENDS DECLARED
	HIGH	LOW	
Fourth.....	\$22 1/4	\$18 3/8	\$ .05
Third.....	25 1/2	20	.05
Second.....	24 1/4	20 1/4	.05
First.....	22 3/4	19 5/8	.04
1994 QUARTER	MARKET PRICE		DIVIDENDS DECLARED
	HIGH	LOW	
Fourth.....	\$23 5/8	\$18 3/8	\$ .04
Third.....	24 7/8	21 1/2	.04
Second.....	27 1/8	21 5/8	.04
First.....	28 1/2	22 3/4	.03

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

## PART III

## ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information regarding executive officers required by this Item is set forth as a Supplementary Item at the end of Part I hereof (pursuant to Instruction 3 to Item 401(b) of Regulation S-K). Other information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

## ITEM 11. EXECUTIVE COMPENSATION.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this Item will be contained in the Company's definitive Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed on or before April 29, 1996, and such information is incorporated herein by reference.

## PART IV

## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

## (A) LISTING OF DOCUMENTS.

- (1) Financial Statements. The Company's Consolidated Financial Statements included in Item 8 hereof, as required at December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994 and 1993, consist of the following:

Consolidated Statements of Income

Consolidated Balance Sheets

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

## (2) Financial Statement Schedules.

Financial Statement Schedules of the Company appended hereto, as required for the years ended December 31, 1995, 1994 and 1993, consist of the following:

II. Valuation and Qualifying Accounts

## (3) Exhibits.

- 3.a Restated Certificate of Incorporation of TriMas Corporation.(4)  
 3.b Bylaws of TriMas Corporation, as amended.(2)  
 4.a Indenture dated as of August 1, 1993 between TriMas Corporation and Continental Bank, National Association (the Corporate Trust and Agency Business of which is now known as First Trust of Illinois), as Trustee, and Directors' resolutions establishing TriMas Corporation's 5% Convertible Subordinated Debentures Due 2003.(4)  
 4.b Credit Agreement dated February 1, 1993 among TriMas Corporation, Certain Banks and NationsBank of North Carolina, N.A. (now known as NationsBank, N.A. (Carolinas)), as Agent(1), and First Amendment dated June 30, 1995.(6)  
 Note: Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of TriMas Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of TriMas Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by TriMas Corporation to the Securities and Exchange Commission upon request.  
 10.a Assumption and Indemnification Agreement, dated December 27, 1988, between TriMas Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(1)  
 10.b Corporate Services Agreement, dated December 27, 1988, between TriMas Corporation and Masco Corporation.(1)  
 10.c Corporate Opportunities Agreement, dated December 27, 1988, among TriMas Corporation, Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(1)  
 10.d Stock Repurchase Agreement, dated December 27, 1988, among TriMas Corporation, Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(1)  
 10.e Registration Agreement, dated December 27, 1988, among TriMas Corporation, Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.), and amendment dated as of January 5, 1993(1) and amendment dated as of May 26, 1994.(5)  
 Note: Exhibits 10.f through 10.s constitute the management contracts and executive compensatory plans or arrangements in which certain of the executive officers and directors of the Company participate.

10.f	TriMas Corporation 1995 Long Term Stock Incentive Plan (Restated December 5, 1995).
10.g	TriMas Corporation 1988 Stock Option Plan (Restated December 5, 1995).
10.h	TriMas Corporation 1988 Restricted Stock Incentive Plan (Restated December 5, 1995).
10.i	MascoTech, Inc. 1984 Restricted Stock Incentive Plan (Restated December 6, 1995).
10.j	MascoTech, Inc. 1984 Stock Option Plan (Restated December 6, 1995).
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10.l	Masco Corporation 1988 Stock Option Plan (Restated December 6, 1995).
10.m	Masco Corporation 1984 Restricted Stock (Industries) Incentive Plan (Restated December 6, 1995).
10.n	Masco Corporation 1984 Stock Option Plan (Restated December 6, 1995).
10.o	Masco Corporation Restricted Stock Incentive Plan (Restated December 6, 1995).
10.p	Masco Corporation 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).
10.q	MascoTech, Inc. 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).
10.r	TriMas Corporation Supplemental Executive Retirement and Disability Plan.(5)
10.s	TriMas Corporation Benefits Restoration Plan.(5)
10.t	Purchase Agreement dated January 26, 1990 between Masco Corporation and TriMas Corporation.(4)
10.u	Purchase Agreement dated November 23, 1993 between MascoTech, Inc. and TriMas Corporation.(3)
11	Computation of Earnings per Common Share.
12	Computation of Ratios of Earnings to Fixed Charges.
21	List of Subsidiaries.
23	Consent of Coopers & Lybrand L.L.P. relating to TriMas Corporation's Financial Statements and Financial Statement Schedule.
27	Financial Data Schedule.

- 
- (1) Incorporated by reference to the Exhibits filed with TriMas Corporation's Annual Report on Form 10-K for the year ended December 31, 1992.
  - (2) Incorporated by reference to the Exhibits filed with TriMas Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.
  - (3) Incorporated by reference to the Exhibits filed with TriMas Corporation's Current Report on Form 8-K dated November 23, 1993.
  - (4) Incorporated by reference to the Exhibits filed with TriMas Corporation's Annual Report on Form 10-K for the year ended December 31, 1993.
  - (5) Incorporated by reference to the Exhibits filed with TriMas Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.
  - (6) Incorporated by reference to the Exhibits filed with TriMas Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995.

THE COMPANY WILL FURNISH TO ANY OF ITS SHAREHOLDERS A COPY OF ANY OF THE ABOVE EXHIBITS UPON THE WRITTEN REQUEST OF SUCH SHAREHOLDER AND THE PAYMENT TO THE COMPANY OF THE REASONABLE EXPENSES INCURRED BY THE COMPANY IN FURNISHING SUCH COPY OR COPIES.

(B) REPORTS ON FORM 8-K.

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRIMAS CORPORATION

By /s/ BRIAN P. CAMPBELL

-----  
 Brian P. Campbell  
 President

March 27, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

PRINCIPAL EXECUTIVE OFFICER:

/s/ RICHARD A. MANOOGIAN Chairman of the Board

-----  
 Richard A. Manoogian

PRINCIPAL FINANCIAL OFFICER:

/s/ WILLIAM E. MEYERS Vice President -- Controller

-----  
 William E. Meyers

PRINCIPAL ACCOUNTING OFFICER:

/s/ WILLIAM E. MEYERS Vice President -- Controller

-----  
 William E. Meyers

/s/ BRIAN P. CAMPBELL President and Director

March 27, 1996

-----  
 Brian P. Campbell

/s/ HERBERT S. AMSTER Director

-----  
 Herbert S. Amster

/s/ EUGENE A. GARGARO, JR. Director

-----  
 Eugene A. Gargaro, Jr.

/s/ JOHN A. MORGAN Director

-----  
 John A. Morgan

/s/ HELMUT F. STERN Director

-----  
 Helmut F. Stern

TRIMAS CORPORATION  
FINANCIAL STATEMENT SCHEDULE

PURSUANT TO ITEM 14(A)(2) OF FORM 10-K

ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION

Schedule, as required, for the years ended December 31, 1995, 1994 and 1993:

	PAGES
	---
II. Valuation and Qualifying Accounts.....	F-2

## TRIMAS CORPORATION

## SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS		DEDUCTIONS	BALANCE AT END OF PERIOD
		CHARGED (CREDITED) TO COST AND EXPENSES	CHARGED (CREDITED) TO OTHER ACCOUNTS		
			(A)	(B)	
Allowances for doubtful accounts, deducted from accounts receivable in the balance sheet:					
1995.....	\$2,040,000	\$ 270,000	\$ --	\$780,000	\$1,530,000
1994.....	\$1,800,000	\$ 620,000	\$ --	\$380,000	\$2,040,000
1993.....	\$1,430,000	\$ 800,000	\$160,000	\$590,000	\$1,800,000
Allowance for doubtful accounts, deducted from notes receivable in the balance sheet:					
1995.....	\$ 650,000	\$ (300,000)	\$ --	\$ --	\$ 350,000
1994.....	\$ 650,000	\$ --	\$ --	\$ --	\$ 650,000
1993.....	\$ 650,000	\$ --	\$ --	\$ --	\$ 650,000

## Notes:

(A) Allowance of companies acquired, and other adjustments, net.

(B) Doubtful accounts charged off, less recoveries.

## EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
3.a	Restated Certificate of Incorporation of TriMas Corporation.(4)	
3.b	Bylaws of TriMas Corporation, as amended.(2)	
4.a	Indenture dated as of August 1, 1993 between TriMas Corporation and Continental Bank, National Association (the Corporate Trust and Agency Business of which is now known as First Trust of Illinois), as Trustee, and Directors' resolutions establishing TriMas Corporation's 5% Convertible Subordinated Debentures Due 2003.(4)	
4.b	Credit Agreement dated February 1, 1993 among TriMas Corporation, Certain Banks and NationsBank of North Carolina, N.A. (now known as NationsBank, N.A. (Carolinas)), as Agent(1), and First Amendment dated June 30, 1995.(6)	
NOTE:	Other instruments, notes or extracts from agreements defining the rights of holders of long-term debt of TriMas Corporation or its subsidiaries have not been filed since (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10 percent of TriMas Corporation's consolidated assets, and (ii) such instruments, notes and extracts will be furnished by TriMas Corporation to the Securities and Exchange Commission upon request.	
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10.d	Stock Repurchase Agreement, dated December 27, 1988, among TriMas Corporation, Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.).(1)	
10.e	Registration Agreement, dated December 27, 1988, among TriMas Corporation, Masco Corporation and Masco Industries, Inc. (now known as MascoTech, Inc.), and amendment dated as of January 5, 1993(1) and amendment dated as of May 26, 1994.(5)	
NOTE:	Exhibits 10.f through 10.s constitute the management contracts and executive compensatory plans or arrangements in which certain of the executive officers and directors of the Company participate.	
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10.n	Masco Corporation 1984 Stock Option Plan (Restated December 6, 1995).	
10.o	Masco Corporation Restricted Stock Incentive Plan (Restated December 6, 1995).	
10.p	Masco Corporation 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).	
10.q	MascoTech, Inc. 1991 Long Term Stock Incentive Plan (Restated December 6, 1995).	
10.r	TriMas Corporation Supplemental Executive Retirement and Disability Plan.(5)	
10.s	TriMas Corporation Benefits Restoration Plan.(5)	
10.t	Purchase Agreement dated January 26, 1990 between Masco Corporation and TriMas Corporation.(4)	
10.u	Purchase Agreement dated November 23, 1993 between MascoTech, Inc. and TriMas Corporation.(3)	
11	Computation of Earnings per Common Share.	
12	Computation of Ratios of Earnings to Fixed Charges.	
21	List of Subsidiaries.	
23	Consent of Coopers & Lybrand L.L.P. relating to TriMas Corporation's Financial Statements and Financial Statement Schedule.	
27	Financial Data Schedule.	

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- (1) Incorporated by reference to the Exhibits filed with TriMas Corporation's Annual Report on Form 10-K for the year ended December 31, 1992.
  - (2) Incorporated by reference to the Exhibits filed with TriMas Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.
  - (3) Incorporated by reference to the Exhibits filed with TriMas Corporation's Current Report on Form 8-K dated November 23, 1993.
  - (4) Incorporated by reference to the Exhibits filed with TriMas Corporation's Annual Report on Form 10-K for the year ended December 31, 1993.
  - (5) Incorporated by reference to the Exhibits filed with TriMas Corporation's Annual Report on Form 10-K for the year ended December 31, 1994.
  - (6) Incorporated by reference to the Exhibits filed with TriMas Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995.

TRIMAS CORPORATION  
1995 LONG TERM STOCK INCENTIVE PLAN  
(Restated December 5, 1995)

Section 1. Purposes

The purposes of the 1995 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to TriMas Corporation (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.

(b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "disinterested person" within the meaning of Rule 16b-3.

(f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.

(i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.

(l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.

(m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.

(n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to restrictions.

(o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.

(p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.

(q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.

(r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.

(s) "Shares" shall mean the Company's common stock, par value \$.01 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(c) of the Plan.

(t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

### Section 3. Administration

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

(i) designate Participants;

(ii) determine the types of Awards to be granted;

(iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;

(iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;

(v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;

(vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;

(vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;

(viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;

(ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;

(x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;

(xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;

(xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;

(xiii) delegate to directors of the Company who need not be "disinterested persons" within the meaning of Rule 16b-3 the authority to designate Participants and grant Awards, provided such Participants are not directors or officers of the Company for purposes of Section 16; and

(xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

#### Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c):

(i) Initial Authorization. There shall be 2,000,000 Shares initially available for issuance under the Plan.

(ii) Acquired Shares. In addition to the amount set forth above, up to 2,000,000 Shares acquired by the Company subsequent to the effectiveness of the Plan as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.

(iii) Additional Shares. Shares acquired by the Company in the circumstances set forth in (ii) above in excess of the amount set forth therein may thereafter be included in the Shares available for Awards to the extent permissible for purposes of allowing the Plan to continue to satisfy the conditions of Rule 16b-3.

(iv) Accounting for Awards. For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for granting Awards under the Plan.

(v) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Individual Stock-Based Awards. Subject to adjustment as provided in Section 4(c), no Participant may receive stock-based Awards under the Plan in any calendar year that relate to more than 400,000 Shares; provided, however, that such number may be increased with respect to any Participant by any Shares available for grant to such Participant in accordance with this Paragraph 4(b) in any prior years that were not granted in such prior years. No provision of this Paragraph 4(b) shall be construed as limiting the amount of any cash-based Award which may be granted to any Participant.

(c) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

#### Section 5. Eligibility

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, but excluding a member of the Committee, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

#### Section 6. Awards

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a restoration Option shall not exceed the number of whole Shares exchanged in payment of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the

termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's em

ployment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(1)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in a form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to

the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may

be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) Except as set forth in Paragraph (2) below, a Participant may assign or transfer an Option or rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an

Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award, shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(2) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award, subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(c), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control.

(B) With respect to any Award granted hereunder prior to December 5, 1995, a Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting

power of all outstanding voting securities of (A) the Company or (B) an Affiliated Party (as hereinafter defined); or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

An "Affiliated Party" shall mean (x) MascoTech, Inc., a Delaware corporation ("MascoTech"), provided MascoTech then owns at least twenty percent of the combined voting power of all voting securities of the Company, or (y) Masco Corporation, a Delaware corporation ("Masco"), provided Masco then owns (i) at least twenty percent of the combined voting power of all voting securities of the Company, or (ii) at least twenty percent of the combined voting power of all voting securities of MascoTech and MascoTech and Masco Corporation together then own an aggregate of at least twenty percent of the combined voting power of all voting securities of the Company.

(C) Notwithstanding the provisions of subparagraph (B), with respect to Awards granted hereunder on or after December 5, 1995, a Change in Control shall occur only if the event described in this subparagraph (C) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (B) or (C) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (C) in lieu of the foregoing subparagraph (B). A Change in Control for purposes of this subparagraph (C) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose

election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(D)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (D) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such Participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such Participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such Participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Section 6(g)(vi)(D), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the Participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected Participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y)

certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected Participant. In the event that the Participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

#### Section 7. Amendment and Termination

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any outstanding Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and (ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards.

(b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.

(c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(c) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

(d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or

reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

## Section 8. General Provisions

(a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee,

materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### Section 9. Effective Date of the Plan

The Plan shall be effective as of the date of its approval by the Company's stockholders.

TRIMAS CORPORATION  
1988 STOCK OPTION PLAN

(Restated December 5, 1995)

Article I. Purpose

The purpose of the 1988 Stock Option Plan (the "Plan") is to secure for TriMas Corporation (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock, and an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

Article II. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. Upon registration of the Company's Common Stock under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"), members of the Committee shall be "disinterested persons" as such term is defined in Rule 16b-3(d) under the Exchange Act or any rule which modifies, amends or replaces Rule 16b-3(d). The Committee shall have authority, consistent with the Plan:

- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;
- (e) to prescribe the form or forms of the instruments evidencing options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;
- (f) to designate options granted to key employees of the Company or its subsidiaries under the Plan as "incentive stock options" ("ISOs"), as such terms are defined in the Internal Revenue Code of 1986;
- (g) to adopt, amend and rescind rules and regulations for the administration of the Plan and options and for its own acts and proceedings; and
- (h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be conclusive and binding on all parties concerned.

#### Article III. Participants

Key employees of and consultants to the Company, its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.

#### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1998, but options theretofore granted may extend beyond that date. Subject to adjustment as provided in Article IX, the number of shares of Common Stock of the Company which may

be issued under the Plan shall not exceed 2,000,000; provided, however, that such number of shares shall be reduced by the number of shares of the Company's Common Stock awarded under the Company's 1988 Restricted Stock Incentive Plan (other than shares awarded under such plan which are later forfeited to the Company). To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable, any stock theretofore subject to such expired or terminated option shall thereafter be available for further grants under the Plan. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock subject to such option shall not thereafter be available for further grants.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied:

(a) Such option must be granted on or prior to November 1, 1998, and such option by its terms must not be exercisable after the expiration of ten years from the date such option is granted;

(b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted; and

(c) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee exercisable in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, par value \$.01 per share. Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and conditions as the Committee shall deem appropriate.

(a) Option Price. Each option shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Term of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable not less than six months from the date of grant and at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted.

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and the number of shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) (A) Notwithstanding any of the provisions of this Plan or instruments evidencing options granted hereunder, in the case of a Change in Control of the Company, each option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if any of the events described below in subparagraphs (1), (2) or (3) shall have occurred, unless the holder of any such option shall have consented to the application of subparagraph (3) in lieu of subparagraphs (1) and (2):

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act other than pursuant to a transaction or agreement previously approved by the Board of Directors directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such

right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing twenty-five percent or more of the combined voting power of all outstanding voting securities of (A) the Company, or (B) of an Affiliated Party (as hereinafter defined);

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(3) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

An "Affiliated Party" shall mean (x) MascoTech, Inc., a Delaware corporation ("MascoTech"), provided MascoTech then owns at least twenty percent of the combined voting power of all voting securities of the Company, or (y) Masco Corpora-

tion, a Delaware corporation ("Masco"), provided Masco then owns (i) at least twenty percent of the combined voting power of all voting securities of the Company, or (ii) at least twenty percent of the combined voting power of all voting securities of MascoTech and MascoTech then owns at least twenty percent of the combined voting power of all voting securities of the Company.

(B)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (B) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Article VI(c)(iii)(B), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an

"Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Article VI(c)(iii)(B) shall not apply to any option (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(d) Payment for Issuance of Stock. At the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with its procedures, may permit a participant to satisfy, in whole or in part, the income tax withholding obligations in connection with the exercise of a non-qualified stock option by having shares withheld from the shares to be issued upon the exercise of the option or by delivering shares of Common Stock of the Company having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) if the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No options may be transferred by the participant other than by designation of beneficiary as provided in subsection (j) of this Article, or by will or the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least ninety days from the date the option is granted.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the day of termination. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan or the option, whether the termination of employment or consulting arrangement is voluntary or involuntary, options may be exercised only if such options were exercisable at the date of such termination, and an option may not be exercised at a time when the option would not

have been exercisable had the employment or consulting arrangement continued. Notwithstanding the preceding three sentences, the Committee may extend the time within which or alter the terms and conditions on which the participant may exercise an option after the termination of employment or the consulting arrangement, and if the period within which an option may be exercised has been extended, the Committee may terminate the unexercised portion of the option if it shall determine that the participant has engaged in any activity detrimental to the Company's interests. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Committee), (ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may extend the time within which or alter the terms and conditions on which an option held by a retired or disabled option holder may be exercised, and if the period within which an option may be exercised has been extended, the Committee may terminate the unexercised portion of the option if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised, as to all or any of the shares which the participant was entitled to purchase immediately prior to death (or such additional shares covered by the option as the Committee may allow), by the person or persons designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the

Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms and conditions differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity. The Committee may direct that the replacement options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

#### Article VIII. Surrender of Options

The Committee may, in its discretion and upon such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.

#### Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to which the Company is a party. The determination of the Board of Directors as to such matters shall be conclusive and binding on all persons.

#### Article X. Employment Rights

The adoption of the Plan, the grant of options hereunder and the participation by a participant in the Plan do not con-

fer upon any employee of or consultant to the Company or subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time, with or without cause, unless a written employment or consulting agreement provides otherwise.

#### Article XI. Amendments

The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no amendment shall increase the maximum number of shares of stock available under the Plan, alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions required for the exercise of the same, except that nothing herein shall limit the Company's right under Article VI(d) to call stock, issued for deferred payment which is evidenced by a promissory note, where the participant is in default of the obligations of such note.

## TRIMAS CORPORATION

## 1988 RESTRICTED STOCK INCENTIVE PLAN

(Restated December 5, 1995)

## 1. Purpose of the Plan

The purpose of the Plan is to aid TriMas Corporation (the "Company") and its subsidiaries and affiliated companies in attracting and retaining key employees and consultants of outstanding ability. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock, and an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## 2. Stock Subject to the Plan

The shares which may be awarded under the Plan are shares of the Company's Common Stock, par value \$.01 per share. Subject to adjustment as provided in Paragraph 6, the total number of shares of the Company's Common Stock that may be awarded under the Plan shall not exceed 2,000,000; provided, however, that such number of shares shall be reduced by the number of shares of the Company's Common Stock as to which options have been granted under the Company's 1988 Stock Option Plan (other than shares which are available for further grants under Article IV of such plan notwithstanding the prior grant of options with respect to such shares). Such stock may be authorized but unissued shares or shares reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

## 3. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. Upon registration of the

Company's Common Stock under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"), members of the Committee shall be "disinterested persons" as such term is defined in Rule 16b-3(d) under the Exchange Act or any rule which modifies, amends or replaces Rule 16b-3(d). The Committee shall have the authority, consistent with the Plan, to determine the terms and conditions of each award, to interpret the Plan and the agreements entered into pursuant to the Plan, to adopt, amend and rescind rules and regulations for its administration and the awards, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable, and all such actions of the Committee shall be conclusive and binding upon all parties concerned.

## 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each participant.

## 5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than ninety days. Such Restricted Period may differ among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of Common Stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Peri-

od pertaining to such shares. Except for such restrictions on transfer, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company), other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company, provided, however, that if such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall not be so forfeited, and provided further that the Committee may remove or modify restrictions on shares which are not forfeited. For purposes of this Paragraph 5(c), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Shares of Common Stock awarded under the Plan shall not be evidenced by certificates until restrictions lapse but shall be registered in the name of the participant in book entry form in the Company's stock register.

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee in its sole discretion shall determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards granted hereunder, in the case of a Change in Control of the Company, each award theretofore granted shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if any of the events described below in subparagraphs (A), (B) or (C) shall have occurred, unless the holder of any such award shall have consented

to the application of subparagraph (C) in lieu of subparagraphs (A) and (B):

(A) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act other than pursuant to a transaction or agreement previously approved by the Board of Directors directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing twenty-five percent or more of the combined voting power of all outstanding voting securities of (A) the Company, or (B) of an Affiliated Party (as hereinafter defined);

(B) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(C) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of

all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

An "Affiliated Party" shall mean (x) MascoTech, Inc., a Delaware corporation ("MascoTech"), provided MascoTech then owns at least twenty percent of the combined voting power of all voting securities of the Company, or (y) Masco Corporation, a Delaware corporation ("Masco"), provided Masco then owns (i) at least twenty percent of the combined voting power of all voting securities of the Company, or (ii) at least twenty percent of the combined voting power of all voting securities of MascoTech and MascoTech then owns at least twenty percent of the combined voting power of all voting securities of the Company.

(2)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (2) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section 5(h)(2), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed

supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(2) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of this Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this paragraph, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such

trust and the participant shall be bound by all of the terms and conditions of the Agreement and this Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to this Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with its procedures, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse by having shares withheld from the shares as to which the Restricted Period has expired or by delivering shares of Common Stock of the Company having a fair market value equal to the amount needed to satisfy such obligations.

(k) In its sole discretion the Committee may also provide the participant with the right to receive cash payments in connection with shares of Common Stock awarded under the Plan (including shares previously awarded), the amount of which payments are based, in whole or only in part, on the value of such Common Stock. The right to receive such payments shall be subject to such other terms and conditions not inconsistent with the Plan as the Committee may determine.

## 6. Changes in Capitalization

If there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may be granted under the Plan shall be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) shall be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

## 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of the Company's stockholders no amendment shall increase the number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1998 or change the standards of eligibility of employees or consultants eligible to participate in the Plan. The number of shares awardable under the Plan may, however, without stockholder approval, be adjusted pursuant to the adjustment provisions described in Paragraph 6 hereof.

## 8. Employment Rights

The adoption of the Plan, the award of stock hereunder and the participation by a participant in the Plan do not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time, with or without cause, unless a written employment or consulting agreement provides otherwise.

9. Effective Date and Termination of Awards

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1998.

## MASCOTECH, INC.

## 1984 RESTRICTED STOCK INCENTIVE PLAN

(Restated December 6, 1995)

## 1. Purpose of the Plan

The purpose of the 1984 Restricted Stock Incentive Plan (the "Plan") is to aid MascoTech, Inc. (the "Company") and its subsidiaries and affiliated companies in securing and retaining key employees and consultants of outstanding ability and to motivate such individuals to exert their best efforts on behalf of the Company and its subsidiaries and affiliated companies. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Paragraph 4 of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## 2. Stock Subject to the Plan

The total number of shares of the Company's Common Stock that may be awarded under the Plan shall not exceed in the aggregate 8,160,000 shares; provided, however, that such total amount shall be reduced by the aggregate number of shares of the Company's Common Stock as to which options have been granted under the Company's 1984 Stock Option Plan since the original adoption thereof (other than shares which are available for further grants under Article IV of such Plan notwithstanding the prior grant of options with respect to such shares). Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

## 3. Administration

The Board of Directors of the Company shall appoint a committee (the "Committee") consisting of two or more members of the Board of Directors who shall administer the Plan. No director shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements under the Plan, (c) to adopt, amend and rescind rules and regulations for the administration of the Plan and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable. All such actions of the Committee shall be binding upon all participants.

#### 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company who are also employees (who may also be directors, but excluding members of the Committee, any person who serves only as a director or as a non-employee officer of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each such participant.

#### 5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants under the Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as

shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than 90 days. Such Restricted Period may differ among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer and the restrictions applicable to non-cash distributions, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that such corporation is no longer a subsidiary or affiliated company) other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination be forfeited and transferred back to the Company, provided, however, that in the event such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall be free of restrictions. For purposes of this Paragraph 5(c), a participant's employment or consulting agreement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated

companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited by the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Industries, Inc. 1984 Restricted Stock Incentive Plan and an Award Agreement entered into between the registered owner and MascoTech, Inc. Copies of such Plan and Award Agreement are on file in the office of the Secretary of MascoTech, Inc., Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee shall in its sole discretion determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant who is a party to such Agreement.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each award theretofore granted shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if any of the events described below in subparagraphs (A), (B) or (C) shall have occurred, unless the holder of any such award shall have consented to the application of subparagraph (C) in lieu of subparagraphs (A) and (B):

(A) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco");

(B) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by either such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(C) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by

a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(2)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (2) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section 5(h)(2), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed

supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(2) shall not apply to any award that was granted to an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of the Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this Paragraph 5(i) or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award, shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such trust and the participant shall be bound by all of the terms and conditions of the Agreement and the Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to the Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse by having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(k) In its sole discretion the Committee may also provide the participant with the right to receive cash payments in connection with shares of Common Stock awarded under the Plan (including shares previously awarded), the amount of which payments are based, in whole or only in part, on the value of such Common Stock. The right to receive such payments shall be subject to such other terms and conditions not inconsistent with the Plan as the Committee may determine.

## 6. Changes in Capitalization

In the event there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may

be granted under the Plan may be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) will be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of stockholders of the Company, no amendment shall increase the total number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1999 or change the standards of eligibility to participate in the Plan. The total number of shares which may be awarded under the Plan may, however, be adjusted without stockholder approval, pursuant to the adjustment provisions described in Paragraph 6.

#### 8. Effective Date and Termination of Plan

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1999.

## MASCOTECH, INC.

## 1984 STOCK OPTION PLAN

(Restated December 6, 1995)

## Article I. Purpose

The purpose of the 1984 Stock Option Plan (the "Plan") is to secure for MascoTech, Inc. (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Articles III and VII of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## Article II. Administration

The Plan shall be administered by a committee (the "Committee") consisting of three or more of the Company's directors to be appointed by the Board of Directors. No director shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not eligible, and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have authority, consistent with the Plan:

- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock to be subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;
- (e) to prescribe the form or forms of the instruments evidencing any options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;
- (f) to designate options granted to key employees of the Company or its "subsidiaries" under the Plan as "incentive stock options" ("ISOs"), as such terms are defined under the Internal Revenue Code;
- (g) to adopt, amend and rescind rules and regulations for the administration of the Plan and the options and for its own acts and

proceedings; and

(h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be binding on all parties concerned.

### Article III. Participants

Key employees of and consultants to the Company, its subsidiaries or affiliated companies, including officers of the Company who are also employees (who may also be directors, but excluding members of the Committee, any person who serves only as a director or a non-employee officer of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.

#### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1999, but options theretofore granted may extend beyond that date. Subject to adjustment as provided in Article IX, the number of shares of Common Stock of the Company which may be issued under the Plan shall not exceed in the aggregate 8,160,000 shares; provided, however, that such total amount shall be reduced by the aggregate number of shares of the Company's Common Stock awarded under the Company's 1984 Restricted Stock Incentive Plan since the original adoption thereof (other than shares forfeited to the Company which are thereby available for further awards under Paragraph 2 of such Plan). To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable as to any stock subject thereto, such stock shall thereafter be available for further grants under the Plan, within the limit specified above. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock covered by options so accepted shall not thereafter be available for the granting of other options under the Plan.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied with respect to such option:

(a) Such option must be granted on or prior to May 1, 1994, and such option by its terms is not exercisable after the expiration of ten years from the date such option is granted;

(b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted;

(c) Such option by its terms is not exercisable while there is outstanding an ISO which was granted to the same employee at an earlier time. For purposes of this clause (c), an ISO which has not been exercised in full shall be deemed to be outstanding, notwithstanding any cancellation or termination thereof, until the expiration of the period during which it could have been exercised under its original terms; and

(d) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000 (the "Basic Amount") plus the sum of the "Carry-Over Amounts" for each of the three calendar years immediately preceding the year in which such option is granted. The "Carry-Over Amount", as used in this clause (d) for any calendar year, shall mean (i) fifty percent of the amount by which \$100,000 exceeds the fair market value, determined at the time of grant, of Common Stock subject to ISOs which were granted during such calendar year to the employee for whom the Carry-Over Amount is being determined, or (ii) \$50,000 in the case such employee has not in such calendar year been granted any ISO. No amount shall be included in a Carry-Over Amount for any year to the extent such amount was theretofore necessarily included as a Carry-Over Amount to permit the qualification of an ISO under this clause (d), and Carry-Over Amounts shall only be utilized to permit the qualification of an ISO under this clause (d) in the order in which they first arose and then only if the Basic Amount has not theretofore been utilized to permit such qualification.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, \$1 par value. Such Stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

#### Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and condition as the Committee shall deem appropriate.

(a) Option Price. Each option granted hereunder shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Terms of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable not less than six months from the date of grant and at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted.

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and of the number of shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and such person shall at the time of such exercise tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) (A) Notwithstanding any of the provisions of this Plan or instruments evidencing options heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each Option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if any of the events described below in subparagraphs (1), (2) or (3) shall have occurred, unless the holder of any such option shall have consented to the application of subparagraph (3) in lieu of subparagraphs (1) and (2):

(1) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco");

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by either such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so

approved, for any reason cease to constitute at least a majority of the members thereof; or

(3) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(B)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (B) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Article VI(c)(iii)(B), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Article VI(c)(iii)(B) shall not apply to any option that was granted to an executive officer of the Company, as determined under the Exchange Act.

(d) Payment for Issuance of Stock. Upon and at the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all such stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit a participant

to satisfy, in whole or in part, the applicable income tax withholding obligations in connection with the exercise of a non-qualified stock option under the Plan by having withheld from the shares to be issued upon the exercise of the option or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) in the event of the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No option may be transferred by the participant other than by designation of beneficiary as provided in subsection (j) of this Article, or by will or the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least one year from the date of the granting of the option, subject to the right of the Company, its subsidiary or affiliated company to terminate the participant's employment or consulting arrangement at any time.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that such corporation is no longer a subsidiary of affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the date of termination unless a longer period is permitted by the Committee in its discretion. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan, in no event may a participant whose employment or consulting agreement has been terminated voluntarily or involuntarily exercise an option at a time when the option would not have been exercisable had the employment or consulting arrangement continued. Notwithstanding the foregoing, the Committee may by the express terms of the grant of the option extend the aforesaid periods of time within which the participant may exercise an option after the termination of employment or the consulting arrangement. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Committee), (ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee. Unless otherwise expressly provided in the Plan or the grant of the option, an option may be exercised only to the extent exercisable on the date of termination of employment or of the consulting arrangement by reason of death, permanent and total disability, retirement or otherwise.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may permit the exercise of an option held by a retired or disabled option holder upon other terms and conditions as it deems advisable under the circumstances, and if the period within which an option may be exercised has been extended the Committee may terminate all unexercised options if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised, as to all or any of the shares which the participant was entitled to purchase immediately prior to death (unless the Committee shall have provided in the instrument evidencing such option that all shares covered by the option are subject to purchase upon death), by the person or persons designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants who have written agreement to render services to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity. The Committee may direct that the substitute options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

#### Article VIII. Surrender of Options

The Committee may, in its discretion and under such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.

#### Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to which the Company is a party. The determination of the Board of Directors as to such matters shall be binding on all persons.

#### Article X. Employment Rights

The adoption of the Plan does not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time.

#### Article XI. Amendments

The Committee may at any time discontinue granting options under the Plan. The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no such amendment shall increase the maximum number of shares of stock available under the Plan, or alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions and actions required for the exercise of the same, except that nothing herein shall limit the Company's right to call stock, issued for deferred payment which is evidenced by promissory note where the participant is in default of the obligations on such note.

## MASCO CORPORATION

## 1988 RESTRICTED STOCK INCENTIVE PLAN

(Restated December 6, 1995)

## 1. Purpose of the Plan

The purpose of the Plan is to aid Masco Corporation (the "Company") and its subsidiaries and affiliated companies in attracting and retaining key employees and consultants of outstanding ability. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock, and an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## 2. Stock Subject to the Plan

The shares which may be awarded under the Plan are shares of the Company's Common Stock, \$1 par value. Subject to adjustment as provided in Paragraph 6, the total number of shares of the Company's Common Stock that may be awarded under the Plan shall not exceed 8,000,000; provided, however, that such number of shares shall be reduced by the number of shares of the Company's Common Stock as to which options have been granted under the Company's 1988 Stock Option Plan (other than shares which are available for further grants under Article IV of such plan notwithstanding the prior grant of options with respect to such shares). Such stock may be authorized but unissued shares or shares reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

## 3. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. Members of the Committee shall be "disinterested persons" as such term is defined in Rule 16b-3(d) under the Securities Exchange Act of 1934 (the "Exchange Act") or any rule which modifies, amends or replaces Rule 16b-3(d). The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements entered into pursuant to the Plan, (c) to adopt, amend and rescind rules and regulations for its administration and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable, and all such actions of the Committee shall be conclusive and binding upon all parties concerned.

## 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each participant.

## 5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement

("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than ninety days. Such Restricted Period may differ among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of Common Stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company), other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company, provided, however, that if such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall not be so forfeited, and provided further that the Committee may remove or modify restrictions on shares which are not forfeited. For purposes of this Paragraph 5(c), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service,

not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate or other evidence of ownership issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited on behalf of the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Corporation 1988 Restricted Stock Incentive Plan and an award agreement entered into between the registered owner and Masco Corporation. Copies of such Plan and Agreement are on file in the office of the Secretary of Masco Corporation, Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee in its sole discretion shall determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall deliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards granted hereunder, in the case of a Change in Control of the Company, each award theretofore granted shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if any of the events described below in subparagraphs (A), (B) or (C) shall have occurred, unless the holder of any such award shall have consented to the application of subparagraph (C) in lieu of subparagraphs (A) and (B):

(A) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act other than pursuant to a transaction or agreement previously approved by the Board of Directors directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting se-

curities of the Company;

(B) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(C) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(2)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or

payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (2) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section 5(h)(2), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the

calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(2) shall not apply to any award that was granted to an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of this Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this paragraph, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such trust and the participant shall be bound by all of the terms and conditions of the Agreement and this Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action

taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to this Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with its procedures, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse by having shares withheld from the shares as to which the Restricted Period has expired or by delivering shares of Common Stock of the Company having a fair market value equal to the amount needed to satisfy such obligations.

(k) In its sole discretion the Committee may also provide the participant with the right to receive cash payments in connection with shares of Common Stock awarded under the Plan (including shares previously awarded), the amount of which payments are based, in whole or only in part, on the value of such Common Stock. The right to receive such payments shall be subject to such other terms and conditions not inconsistent with the Plan as the Committee may determine.

## 6. Changes in Capitalization

If there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may be granted under the Plan

shall be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) shall be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of the Company's stockholders no amendment shall increase the number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1998 or change the standards of eligibility of employees or consultants eligible to participate in the Plan. The number of shares awardable under the Plan may, however, without stockholder approval, be adjusted pursuant to the adjustment provisions described in Paragraph 6 hereof.

#### 8. Employment Rights

The adoption of the Plan, the award of stock hereunder and the participation by a participant in the Plan do not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time, with or without cause, unless a written employment or consulting agreement provides otherwise.

#### 9. Effective Date and Termination of Awards

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1998.

MASCO CORPORATION  
1988 STOCK OPTION PLAN

(Restated December 6, 1995)

## Article I. Purpose

The purpose of the 1988 Stock Option Plan (the "Plan") is to secure for Masco Corporation (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock, and an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## Article II. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. Members of the Committee shall be "disinterested persons" as such term is defined in Rule 16b-3(d) under the Securities Exchange Act of 1934 (the "Exchange Act") or any rule which modifies, amends or replaces Rule 16b-3(d). The Committee shall have authority, consistent with the Plan:

- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;
- (e) to prescribe the form or forms of the instruments evidencing options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;
- (f) to designate options granted to key employees of the Company or its subsidiaries under the Plan as "incentive stock options" ("ISOs"), as such terms are defined in the Internal Revenue Code of 1986;
- (g) to adopt, amend and rescind rules and regulations for the administration of the Plan and options and for its own acts and proceedings; and
- (h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be conclusive and binding on all parties concerned.

## Article III. Participants

Key employees of and consultants to the Company, its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only

as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company or who is not rendering services pursuant to a written agreement with the corporation in question), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.

#### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1998, but options theretofore granted may extend beyond that date. Subject to adjustment as provided in Article IX, the number of shares of Common Stock of the Company which may be issued under the Plan shall not exceed 8,000,000; provided, however, that such number of shares shall be reduced by the number of shares of the Company's Common Stock awarded under the Company's 1988 Restricted Stock Incentive Plan (other than shares awarded under such plan which are later forfeited to the Company). To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable, any stock theretofore subject to such expired or terminated option shall thereafter be available for further grants under the Plan. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock subject to such option shall not thereafter be available for further grants.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied:

(a) Such option must be granted on or prior to April 1, 1998, and such option by its terms must not be exercisable after the expiration of ten years from the date such option is granted;

(b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted; and

(c) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee exercisable in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, \$1 par value. Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

#### Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and conditions as the Committee shall deem appropriate.

(a) Option Price. Each option shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Term of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable not less than six months from the date of grant and at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted."

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and the number of shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) (A) Notwithstanding any of the provisions of this Plan or instruments evidencing options granted hereunder, in the case of a Change in Control of the Company, each option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if any of the events described below in subparagraphs (1), (2) or (3) shall have occurred, unless the holder of any such option shall have consented to the application of subparagraph (3) in lieu of subparagraphs (1) and (2):

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act other than pursuant to a transaction or agreement previously approved by the Board of Directors directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company;

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(3) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as

directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(B)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (B) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Article VI(c)(iii)(B), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or

(y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Article VI(c)(iii)(B) shall not apply to any option that was granted to an executive officer of the Company, as determined under the Exchange Act.

(d) Payment for Issuance of Stock. At the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with its procedures, may permit a participant to satisfy, in whole or in part, the income tax withholding obligations in connection with the exercise of a non-qualified stock option by having shares withheld from the shares to be issued upon the exercise of the option or by delivering shares of Common Stock of the Company having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) if the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No options may be transferred by the participant other than by designation of beneficiary as provided in subsection (j) of this Article, or by will or the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least ninety days from the date the option is granted.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the day of termination. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan or the option, whether the termination of employment or consulting arrangement is voluntary or involuntary, options may be exercised only if such options were exercisable at the date of such termination, and an option may not be exercised at a time when the option would not have been exercisable had the employment or consulting arrangement continued. Notwithstanding the preceding three sentences, the Committee may extend the time within which or alter the terms and conditions on which the participant may exercise an option after the termination of employment or the consulting arrangement, and if the period within which an option may be exercised has been extended, the Committee may terminate the unexercised portion of the option if it shall determine that the participant has engaged in any activity detrimental to the Company's interests. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Com-

mittee), (ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may extend the time within which or alter the terms and conditions on which an option held by a retired or disabled option holder may be exercised, and if the period within which an option may be exercised has been extended, the Committee may terminate the unexercised portion of the option if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised, as to all or any of the shares which the participant was entitled to purchase immediately prior to death (or such additional shares covered by the option as the Committee may allow), by the person or persons designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms and conditions differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity. The Committee may direct that the replacement options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

#### Article VIII. Surrender of Options

The Committee may, in its discretion and upon such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.

#### Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to which the Company is a party. The determination of the Board of Directors as to such matters shall be conclusive and binding on all persons.

#### Article X. Employment Rights

The adoption of the Plan, the grant of options hereunder and the participation by a participant in the Plan do not confer upon any employee of or consultant to the Company or subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time, with or without cause, unless a written employment or consulting agreement provides otherwise.

#### Article XI. Amendments

The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no amendment shall increase the maximum number of shares of stock available under the Plan, alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions required for the exercise of the same, except that nothing herein shall limit the Company's right

under Article VI(d) to call stock, issued for deferred payment which is evidenced by a promissory note, where the participant is in default of the obligations of such note.

## MASCO CORPORATION

## 1984 RESTRICTED STOCK (INDUSTRIES) INCENTIVE PLAN

(Restated December 6, 1995)

## 1. Purpose of the Plan

The purpose of the 1984 Restricted Stock (Industries) Incentive Plan (the "Plan") is to aid Masco Corporation (the "Company") and its subsidiaries and affiliated companies in securing and retaining key employees and consultants of outstanding ability and to motivate such individuals to exert their best efforts on behalf of the Company and its subsidiaries and affiliated companies. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership in common stock of an affiliated Company, MascoTech, Inc., a Delaware corporation (formerly Masco Industries, Inc. and referred to herein as "Industries"). For purposes of this Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Paragraph 4 of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## 2. Stock Subject to the Plan

The total number of shares of stock that may be awarded under the Plan is 12,000,000 shares of Common Stock of Industries, \$1.00 par value. Such stock may be any shares of Industries Common Stock owned by the Company. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

## 3. Administration

The Board of Directors of the Company shall appoint a committee (the "Committee") consisting of three or more members of the Board of Directors who shall administer the Plan. No director

shall become or remain a member of the Committee unless at the time of his exercise of any discretionary function as a Committee member such director is not eligible and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements under the Plan, (c) to adopt, amend and rescind rules and regulations for the administration of the Plan and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable. All such actions of the Committee shall be binding upon all participants.

## 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its sole discretion the number of shares to be awarded to each such participant.

5. Terms and Conditions of Awards

All shares of Industries' Common Stock awarded to participants under this Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" of transfer which shall be not less than one year. Such Restricted Period may differ among participants and may have different expiration dates with respect to portions of shares

covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company), other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination be forfeited and transferred back to the Company, provided, however, that in the event such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of such shares shall not be forfeited but instead shall be subject to such restrictions as the Committee may establish or that some or all of such shares shall be free of restrictions. For purposes of this Paragraph 5(c), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if any employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares

then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited by the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Corporation's 1984 Restricted Stock (Industries) Incentive Plan and an Award Agreement entered into between the registered owner and Masco Corporation. Copies of such Plan and Award Agreement are on file in the office of the Secretary of Masco Corporation, Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee shall in its sole discretion determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant who is a party to such Agreement.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each award granted at least one year prior thereto shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions.

(2) With respect to any award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(A) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company; or

(B) during any period of twenty four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(3) Notwithstanding the provisions of subparagraph (2), with respect to awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (3) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (2) or (3) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (3) in lieu of the foregoing subparagraph (2). A Change in Control for purposes of this subparagraph (3) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or

nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(4)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (4) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section 5(h)(4) , including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for

purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(4) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of this Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this paragraph, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such

trust and the participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to this Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse: (1) in the case of participants who are employees of or consultants to Industries or any of its subsidiaries, by having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of Industries owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations; or (2) in the case of all other participants, by having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of Industries or common stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

## 6. Changes in Capitalization

In the event there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by Industries for its outstanding Common Stock, the maximum

aggregate number and class of shares as to which awards may be granted under the Plan may be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall determine otherwise, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If Industries shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) shall be subject to the same or equivalent restrictions unless the Committee shall determine otherwise.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of Stockholders of the Company no amendment shall increase the total number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1999 or change the standard of eligibility to participate in the Plan. The total number of shares which may be awarded under the Plan may, however, be adjusted without stockholder approval pursuant to the adjustment provisions described in Paragraph 6 hereof.

#### 8. Effective Date and Termination of Plan

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1999.

## MASCO CORPORATION

## 1984 STOCK OPTION PLAN

(Restated December 6, 1995)

## Article I. Purpose

The purpose of the 1984 Stock Option Plan (the "Plan") is to secure for Masco Corporation (the "Company") and its stockholders the benefits inherent in stock ownership by selected key employees of and consultants to the Company and its subsidiaries and affiliated companies who in the judgment of the committee responsible for the administration of the Plan are largely responsible for the Company's growth and success. The Plan is designed to accomplish this purpose by offering such employees and consultants an opportunity to purchase shares of the Common Stock of the Company. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Articles III and VII of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## Article II. Administration

The Plan shall be administered by a committee (the "Committee") of three or more of the Company's directors to be appointed by the Board of Directors. No director shall become or remain a member of the Committee unless at the time of exercise of any discretionary function as a Committee member such director is not eligible, and has not at any time within one year prior to the exercise of such discretion been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company or any of its affiliates. The Committee shall have authority, consistent with the Plan:

- (a) to determine which key employees of and consultants to the Company, its subsidiaries and affiliated companies shall be granted options;
- (b) to determine the time or times when options shall be granted and the number of shares of Common Stock to be subject to each option;
- (c) to determine the option price of the stock subject to each option and the method of payment of such price;
- (d) to determine the time or times when each option becomes exercisable, limitations on exercise, and the duration of the exercise period;
- (e) to prescribe the form or forms of the instruments evidencing any options granted under the Plan and of any other instruments required under the Plan, and to change such forms from time to time;
- (f) to designate options granted to key employees of the Company or its "subsidiaries" under the Plan as "incentive stock options" ("ISOs"), as such terms are defined under the Internal Revenue Code;
- (g) to adopt, amend and rescind rules and regulations for the administration of the Plan and the options and for its own acts and

proceedings; and

(h) to decide all questions and settle all controversies and disputes which may arise in connection with the Plan.

All decisions, determinations and interpretations of the Committee shall be binding on all parties concerned.

### Article III. Participants

Key employees of and consultants to the Company, its subsidiaries or affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company), as may be selected from time to time by the Committee in its discretion, are eligible to receive options under the Plan. The grant of an option to an employee or consultant shall not entitle such individual to other grants or options, nor shall such grant disqualify such individual from further participation.

#### Article IV. Limitations

No options shall be granted under the Plan after December 31, 1999, but options theretofore granted may extend beyond that date. The number of shares of Common Stock of the Company which may be issued under the Plan shall not exceed 4,000,000 in the aggregate, subject to adjustment as provided in Article IX. To the extent that any option granted under the Plan shall expire or terminate unexercised or for any reason become unexercisable as to any stock subject thereto, such stock shall thereafter be available for further grants under the Plan, within the limit specified above. If an option granted under the Plan shall be accepted for surrender pursuant to Article VIII, any stock covered by options so accepted shall not thereafter be available for the granting of other options under the Plan.

Notwithstanding any provision to the contrary in the Plan, no option may be designated an ISO unless all of the following conditions are satisfied with respect to such option:

(a) Such option must be granted on or prior to April 24, 1994, and such option by its terms is not exercisable after the expiration of ten years from the date such option is granted;

(b) Either (i) the employee to whom such option is granted does not, determined at the time such option is granted, own capital stock representing more than ten percent of the voting power of all classes of stock of the Company, its parent or any of its subsidiaries, or (ii) the option price is at least 110 percent of the fair market value, determined at the time such option is granted, of the stock subject to such option and such option by its terms is not exercisable more than five years from the date it is granted;

(c) Such option by its terms is not exercisable while there is outstanding an ISO which was granted to the same employee at an earlier time. For purposes of this clause (c), an ISO which has not been exercised in full shall be deemed to be outstanding, notwithstanding any cancellation or termination thereof, until the expiration of the period during which it could have been exercised under its original terms; and

(d) The aggregate fair market value of the Common Stock subject to such option plus the aggregate fair market value of Common Stock subject to ISOs previously or concurrently granted to the same employee in the same calendar year (all determined at the respective dates of grant of such options) must not exceed \$100,000 (the "Basic Amount") plus the sum of the "Carry-Over Amounts" for each of the three calendar years immediately preceding the year in which such option is

granted. The "Carry-Over Amount", as used in this clause (d) for any calendar year, shall mean (i) fifty percent of the amount by which \$100,000 exceeds the fair market value, determined at the time of grant, of Common Stock subject to ISOs which were granted during such calendar year to the employee for whom the Carry-Over Amount is being determined, or (ii) \$50,000 in the case such employee has not in such calendar year been granted any ISO. No amount shall be included in a Carry-Over Amount for any year to the extent such amount was theretofore necessarily included as a Carry-Over Amount to permit the qualification of an ISO under this clause (d), and Carry-Over Amounts shall only be utilized to permit the qualification of an ISO under this clause (d) in the order in which they first arose and then only if the Basic Amount has not theretofore been utilized to permit such qualification.

#### Article V. Stock to be Issued

The stock as to which options may be granted is the Company's Common Stock, \$1 par value. Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. The Board of Directors and the officers of the Company shall take any appropriate action required for such issuance.

#### Article VI. Terms and Conditions of Options

All options granted under the Plan shall be subject to the following terms and conditions (except as otherwise provided in Article VII) and to such other terms and conditions as the Committee shall deem appropriate.

(a) Option Price. Each option granted hereunder shall have such per share option price as the Committee may determine, but not less than the fair market value of Common Stock of the Company on the date the option is granted.

(b) Term of Options. The term of an option shall not exceed eleven years from the date of grant. The date of grant shall be the date on which the option is awarded by the Committee.

(c) Exercise of Options.

(i) Each option shall be made exercisable at such time or times, whether or not in installments, as the Committee shall prescribe at the time the option is granted.

(ii) A person electing to exercise an option shall give written notice to the Company, as may be specified by the Committee, of exercise of the option and of the number of

shares of stock elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and such person shall at the time of such exercise tender the purchase price of the stock elected for exercise unless otherwise directed by the Committee.

(iii) (A) Notwithstanding any of the provisions of this Plan or instruments evidencing options heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each option then outstanding shall immediately become exercisable in full. A Change in Control shall occur if any of the events described below in subparagraphs (1), (2) or (3) shall have occurred, unless the holder of any such option shall have consented to the application of subparagraph (3) in lieu of subparagraphs (1) and (2):

(1) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company;

(2) during any period of twenty four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(3) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for

any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(B)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (B) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Article VI(c)(iii)(B), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code

that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Article VI(c)(iii)(B) shall not apply to any option that was granted to an executive officer of the Company, as determined under the Exchange Act.

(d) Payment for Issuance of Stock. Upon and at the time of exercise of any option granted pursuant to the Plan, payment in full shall be made for all such stock then being purchased either in cash or, at the discretion of the Committee, in whole or in part in Common Stock of the Company valued at its then fair market value. Notwithstanding the foregoing, the Committee may in its discretion permit the issuance of stock upon such other plan of payment as it deems reasonable, provided that the then unpaid portion of the purchase price shall be evidenced by a promissory note at such rate of interest and upon such other terms and conditions as the Committee shall deem appropriate. In all cases where stock is issued for less than present full payment of the purchase price, there shall be placed upon the certificate or certificates representing such stock a legend setting forth the amount paid at issuance, and the amount remaining unpaid thereon, and stating that the stock is subject to call for the remainder and may not be transferred by the holder until the balance due thereon shall be fully paid.

The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit a participant to satisfy, in whole or in part, the applicable income tax withholding obligations in connection with the exercise of a non-qualified stock option under the Plan: (1) in the case of participants who are employees of or consultants to MascoTech, Inc. or any of its subsidiaries, by delivering from shares of common stock of MascoTech, Inc. owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations; or (2) in the case of all other participants, by having withheld from the shares to be issued upon the exercise of the option or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

(e) Conditions to Issuance. The Company shall not be obligated to issue any stock unless and until:

(i) in the event the Company's outstanding Common Stock is at the time listed upon any stock exchange, the shares of stock to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(ii) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of stock and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the participant such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the participant agree that any sale of the stock will be made only in such manner as shall be in accordance with law and that the participant will notify the Company of any intent to make any disposition of the stock whether by sale, gift or otherwise. The participant shall take any action reasonably requested by the Company in such connection. A participant shall have the rights of a stockholder only as and when shares of stock have been actually issued to the participant pursuant to the Plan.

(f) Nontransferability of Options. No option may be transferred by the participant other than by designation of beneficiary as provided in subsection (j) of this Article, or by will or by the laws of descent and distribution, and during the participant's lifetime the option may be exercised only by the participant.

(g) Consideration for Option. Each person receiving an option must agree to remain as an employee or consultant upon the terms of employment or the consulting arrangement then existing (unless different terms are mutually agreed upon) for at least one year from the date of the granting of the option, subject to the right of the Company, its subsidiary or affiliated company to terminate the participant's employment or consulting arrangement at any time.

(h) Termination of Employment. If the employment of or consulting arrangement with a participant terminates for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company) other than the participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, unless discharged for misconduct which in the opinion of the Committee casts such discredit on the participant as to justify termination of the option, the participant may thereafter exercise

the option as provided below. If such termination is voluntary on the part of the participant, the option may be exercised only within ten days after the day of termination unless a longer period is permitted by the Committee in its discretion. If such termination is involuntary on the part of the participant, the option may be exercised within three months after the day of termination. Except as expressly provided in the Plan, in no event may a participant whose employment or consulting arrangement has been terminated voluntarily or involuntarily exercise an option at a time when the option would not have been exercisable had the employment or consulting arrangement continued. Notwithstanding the foregoing, the Committee may by the express terms of the grant of the option extend the aforesaid periods of time within which the participant may exercise an option after the termination of employment or the consulting arrangement. For purposes of this Article VI(h), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year unless otherwise approved by the Committee), (ii) in the case of a transfer of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee. Unless otherwise expressly provided in the Plan or the grant of an option, an option may be exercised only to the extent exercisable on the date of termination of employment or of the consulting arrangement by reason of death, permanent and total disability, retirement or otherwise.

(i) Retirement; Disability. If prior to the expiration date of an option the employee shall retire on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, such option may be exercised to the extent exercisable on the date of retirement or such termination, provided such option shall be exercised within three months of the date of retirement or such termination. Notwithstanding the foregoing, in its discretion the Committee may permit the exercise of an option held by a retired or disabled option holder upon other terms and conditions as it deems advisable under the circumstances, and if the period within which an option may be exercised has been extended the Committee may terminate all unexercised options if it shall determine that the participant has engaged in any activity detrimental to the Company's interests.

(j) Death. If a participant dies at a time when entitled to exercise an option, then at any time or times within one year after death (or such further period as the Committee may allow) such option may be exercised as to all or any of the shares which the participant was entitled to purchase immediately prior to death (unless the Committee shall have provided in the instrument evidencing such option that all shares covered by the option are subject to purchase upon death), by the person or persons

designated in writing by the participant in such form of beneficiary designation as may be approved by the Company, or failing designation by the participant's personal representative, executor or administrator or the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution. The Company may decline to deliver shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such option shall expire at the end of such period.

#### Article VII. Replacement Options

The Committee may grant options under the Plan on terms differing from those provided for in Article VI where such options are granted in substitution for options held by employees of or consultants to other entities who concurrently become employees of or consultants to the Company or a subsidiary or an affiliated company as the result of a merger, consolidation or other reorganization of such other entity with the Company or a subsidiary or an affiliated company, or the acquisition by the Company or a subsidiary or an affiliated company of the business, property or stock of such other entity. The Committee may direct that the substitute options be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

#### Article VIII. Surrender of Options

The Committee may, in its discretion and upon such terms and conditions as it deems appropriate, accept the surrender by a participant of a presently exercisable right to purchase stock granted under an option and authorize payment by the Company in consideration therefor of an amount equal to the difference obtained by subtracting the option price of the stock from its fair market value on the date of such surrender, such payment to be in cash or shares of the Common Stock of the Company valued at fair market value on the date of such surrender, or partly in such stock and partly in cash, provided that the Committee determines such settlement is consistent with the purpose of the Plan.

#### Article IX. Changes in Stock

The Board of Directors is authorized to make such adjustments, if any, as it shall deem appropriate in the number and kind of shares which may be granted under the Plan, the number and kind of shares which are subject to options then outstanding and the purchase price of shares subject to such outstanding options, in the event of any change in capital or shares of capital stock, any special distribution to stockholders or any extraordinary transaction (including a merger, consolidation or dissolution) to

which the Company is a party. The determination of the Board of Directors as to such matters shall be binding on all persons.

#### Article X. Employment Rights

The adoption of the Plan does not confer upon any employee of or consultant to the Company or a subsidiary or an affiliated company any right to continue the employment or consulting relationship with the Company or a subsidiary or an affiliated company, as the case may be, nor does it in any way impair the right of the Company or a subsidiary or an affiliated company to terminate the employment of any of its employees or the consulting arrangement with any of its consultants at any time.

#### Article XI. Amendments

The Committee may at any time discontinue granting options under the Plan. The Board of Directors may at any time or times amend the Plan or amend any outstanding option or options for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law, provided that except to the extent permitted under Article IX, without the approval of the stockholders of the Company no such amendment shall increase the maximum number of shares of stock available under the Plan, or alter the class of persons eligible to receive options under the Plan, or without the consent of the participant void or diminish options previously granted, nor increase or accelerate the conditions and actions required for the exercise of the same, except that nothing herein shall limit the Company's right to call stock, issued for deferred payment which is evidenced by a promissory note, where the participant is in default of the obligations of such note.

## MASCO CORPORATION

## RESTRICTED STOCK INCENTIVE PLAN

(Restated December 6, 1995)

## 1. Purpose of the Plan

The purpose of the Plan is to aid Masco Corporation (the "Company") and its subsidiaries and affiliated companies in securing and retaining key employees and consultants of outstanding ability and to motivate such individuals to exert their best efforts on behalf of the Company and its subsidiaries and affiliated companies. In addition, the Company expects that it will benefit from the added interest which such individuals will have in its welfare as a result of their ownership or increased ownership of the Company's Common Stock. For purposes of the Plan a "subsidiary" is any corporation in which the Company owns, directly or indirectly, stock possessing more than fifty percent of the total combined voting power of all classes of stock. For purposes of Paragraph 4 of the Plan, an "affiliated company" is any other corporation (and its subsidiaries) in which the Company or its subsidiaries own stock possessing at least twenty percent of the total combined voting power of all classes of stock, and for all other purposes of the Plan, an "affiliated company" is any other corporation, at least twenty percent of the total combined voting power of all classes of stock of which is owned by the Company or by one or more other corporations in a chain of corporations, at least twenty percent of the stock of each of which is held by the Company or a subsidiary or another corporation within such chain.

## 2. Stock Subject to the Plan

The total number of shares of stock that may be awarded under the Plan is 4,000,000 shares of the Company's Common Stock, \$1.00 par value. Such stock may be authorized but unissued shares or shares of Common Stock reacquired by the Company, including but not limited to shares purchased on the open market. Shares of stock awarded under the Plan which are later reacquired by the Company as a result of forfeiture pursuant to the Plan shall again become available for awards under the Plan.

## 3. Administration

The Board of Directors of the Company shall appoint a committee (the "Committee") consisting of three or more members of the Board of Directors who shall administer the Plan. Members of the Committee shall not be eligible while a member to participate in the Plan and shall not have at any time within one year prior to appointment been eligible for selection as a person to whom stock

may have been allocated or to whom stock options of the Company may have been granted pursuant to the Plan or any other plan of the Company. The Committee shall have the authority, consistent with the Plan, (a) to determine the terms and conditions of each award, (b) to interpret the Plan and the agreements under the Plan, (c) to adopt, amend and rescind rules and regulations for the administration of the Plan and the awards, (d) to delegate to directors of the Company, who need not be "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, the authority to amend awards granted to participants, provided such participants are not directors or officers of the Company for purposes of Section 16, and (e) generally to conduct and administer the Plan and to make all determinations in connection therewith which may be necessary or advisable, and all such actions of the Committee shall be binding upon all participants.

## 4. Eligibility

Key employees of and consultants to the Company and its subsidiaries and affiliated companies, including officers of the Company (who may also be directors, but excluding members of the Committee, any person who serves only as a director of the Company and any consultant to the Company or any of its subsidiaries or affiliated companies who is also a director of the Company), as may be selected from time to time by the Committee in its discretion, are eligible to receive awards under the Plan. The Committee shall determine in its

sole discretion the number of shares to be awarded to each such participant.

5. Terms and Conditions of Awards

All shares of Common Stock awarded to participants under this Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in each Award Agreement ("Agreement") referred to in Paragraph 5(f):

(a) At the time of each award there shall be established for the shares of each participant a "Restricted Period" which shall be not less than one year. Such Restricted Period may differ between and among participants and may have different expiration dates with respect to portions of shares covered by the same award. The Committee may also determine that the expiration of any Restricted Period shall be subject to such additional terms and conditions as it decides in its sole discretion and as set forth in the participant's Agreement.

(b) Shares of stock awarded to participants may not be sold, encumbered or otherwise transferred, except as hereinafter provided, during the Restricted Period pertaining to such shares. Except for such restrictions on transfer, the participant shall have all the rights of a stockholder including but not limited to the right to receive all dividends paid on such shares (subject to the provisions of Paragraph 6) and the right to vote such shares.

(c) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies for any reason (including termination by reason of the fact that any corporation is no longer a subsidiary or affiliated company), other than death, permanent and total disability, or, in the case of an employee, retirement on or after normal retirement date, all shares of stock theretofore awarded to the participant which are still subject to the restrictions imposed by Paragraph 5(b) shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company, provided, however, that in the event such employment or consulting relationship is terminated by action of the Company or any of its subsidiaries or affiliated companies without cause or by agreement of the Company or any of its subsidiaries or affiliated companies and the participant, the Committee may, but need not, determine that some or all of the shares shall be free of restrictions. For purposes of this Paragraph 5(c), a participant's employment or consulting arrangement shall not be considered terminated (i) in the case of transfers of employment or the consulting arrangement among the Company, its subsidiaries and affiliated companies, (ii) by virtue of a change of status from employee to consultant or from consultant to employee, or (iii) in the case of interruption in service, not exceeding one year in duration unless otherwise approved by the Committee, for approved sick leave or other bona fide leave of absence.

(d) If a participant ceases to be employed or retained by the Company or any of its subsidiaries or affiliated companies by reason of death or permanent and total disability or if an employee ceases to be employed by the Company or any of its subsidiaries or affiliated companies by reason of retirement on or after normal retirement date, the restrictions imposed by Paragraph 5(b) shall lapse with respect to the shares then subject to restrictions, except to the extent provided to the contrary in the Agreement.

(e) Each certificate issued in respect of shares awarded under the Plan shall be registered in the name of the participant and deposited by the participant with the Company, together with a stock power endorsed in blank, and shall bear the following legend:

"The sale, encumbrance, or other transfer of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including a contingent transfer obligation) contained in the Masco Corporation Restricted

Stock Incentive Plan and an agreement entered into between the registered owner and Masco Corporation. Copies of such Plan and Agreement are on file in the office of the Secretary of Masco Corporation, Taylor, Michigan."

(f) The participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award, the expiration of the Restricted Period as to the shares covered by the award, and such other matters, including compliance with applicable federal and state securities laws and methods of withholding or providing for the payment of required taxes, as the Committee shall in its sole discretion determine. The Committee may at any time amend the terms of any Agreement consistent with the terms of the Plan, except that without the participant's written consent no such amendment shall adversely affect the rights of the participant who is a party to such Agreement.

(g) At the expiration of the Restricted Period as to shares covered by any award, the Company shall redeliver the stock certificates deposited with it pursuant to Paragraph 5(e) and as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Paragraph 5(i), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the participant or the legal representative of the participant's estate.

Upon written request, the Company will instruct its stock transfer agent that such certificates may be reissued without legend.

(h) (1) Notwithstanding any of the provisions of this Plan or instruments evidencing awards heretofore or hereafter granted hereunder, in the case of a Change in Control of the Company, each award granted at least one year prior thereto shall immediately become fully vested and non-forfeitable and shall thereupon be distributed to participants as soon as practicable, free of all restrictions. A Change in Control shall occur if any of the events described below in subparagraphs (A), (B) or (C) shall have occurred, unless the holder of any such award shall have consented to the application of subparagraph (C) in lieu of subparagraphs (A) and (B):

(A) any "person" or "group of persons" as such terms are used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than pursuant to a transaction or agreement previously approved by the Board

directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition), of voting securities representing 25% or more of the combined voting power of all outstanding voting securities of the Company;

(B) during any period of twenty four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof; or

(C) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(2)(A) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (2) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), or any interest or penalties with respect to

such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such participant shall be entitled to receive from the Company, within 15 days following the determination described in (B) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(B) All determinations required to be made under this Section 5(h)(2), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected participant. In the event that the participant discovers that Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(C) This Section 5(h)(2) shall not apply to any award that was granted to an executive officer of the Company, as determined under the Exchange Act.

(i) Notwithstanding any other provision of this Plan, a participant may assign all rights under any award to a revocable grantor trust established by the participant for the sole benefit of the participant during the life of the participant, and under the terms of which the participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content

satisfactory to the Committee and the participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a participant may attempt to assign rights under an award does not meet the criteria of a trust to which an assignment is permitted by the terms of this paragraph, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any awards shall revert to and remain solely in the participant. Notwithstanding a qualified assignment, the participant, and not the trust to which rights under an award may be assigned, for the purpose of determining compensation arising by reason of the award shall continue to be considered an employee or consultant, as the case may be, of the Company, a subsidiary or affiliated company, but such trust and the participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan.

The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the participant, his personal representatives and all persons asserting a claim based on an award granted pursuant to this Plan. The delivery by a participant of a beneficiary designation, or an assignment of rights under an award as permitted by this Paragraph 5(i), shall constitute the participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the participant) which may be asserted or alleged to be based upon an award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Issuance of shares as to which restrictions have lapsed in the name of, and delivery to, the trust to which rights may be assigned shall be conclusively considered issuance and delivery to the participant.

(j) The Committee, in its discretion and in accordance with the procedures established by the Committee, may permit the participant to satisfy, in whole or in part, the applicable income tax withholding obligations when the restrictions imposed by Paragraph 5(b) lapse: (1) in the case of participants who are employees of or consultants to MascoTech, Inc. or any of its subsidiaries, by delivering from shares of common stock of MascoTech, Inc. owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations; or (2) in the case of all other participants, by

having withheld from the shares as to which the Restricted Period has expired or by delivering from shares of Common Stock of the Company owned by the participant such number of shares having a fair market value equal to the amount needed to satisfy such obligations.

#### 6. Changes in Capitalization

In the event there is a change in, reclassification, subdivision or combination of, stock dividend on, or exchange of stock by the Company for the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may be granted under the Plan shall be appropriately adjusted by the Committee whose determination thereof shall be conclusive. Unless the Committee shall otherwise determine, any shares of stock or other securities received by a participant with respect to shares still subject to the restrictions imposed by Paragraph 5(b) will be subject to the same restrictions and shall be deposited with the Company.

If the Company shall be consolidated or merged with another corporation, the stock, securities or other property which a participant is entitled to receive by reason of his ownership of the shares of stock subject to the restrictions imposed pursuant to Paragraph 5(b) shall be subject to the same or equivalent restrictions unless the Committee shall determine otherwise at that time.

#### 7. Amendment of the Plan

The Board of Directors may from time to time amend or discontinue the Plan, except that without the approval of Stockholders no amendment shall increase the total number of shares which may be awarded under the Plan, extend the date for awards of shares under the Plan beyond December 31, 1991 or change the standards of eligibility of employees eligible to participate in the Plan. The total number of shares awardable under the Plan may, however, without stockholder approval, be adjusted pursuant to the adjustment provisions described in Paragraph 6 hereof.

#### 8. Effective Date and Termination of Plan

The Plan shall become effective when approved by the stockholders of the Company and no shares may be awarded under the Plan after December 31, 1991.

## MASCO CORPORATION

## 1991 LONG TERM STOCK INCENTIVE PLAN

(Restated December 6, 1995)

## Section 1. Purposes

The purposes of the 1991 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to Masco Corporation (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

## Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.

(b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "disinterested person" within the meaning of Rule 16b-3.

(f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.

(i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.

(l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.

(m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.

(n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to

restrictions.

(o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.

(p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.

(q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.

(r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.

(s) "Shares" shall mean the Company's common stock, par value \$1.00 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.

(t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

### Section 3. Administration

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

(i) designate Participants;

(ii) determine the types of Awards to be granted;

(iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;

(iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;

(v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;

(vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;

(vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;

(viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;

(ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;

(x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;

(xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;

(xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;

(xiii) delegate to directors of the Company who need not be "disinterested persons" within the meaning of Rule 16b-3 the authority to designate Participants and grant Awards, and to amend Awards granted to Participants, provided such Participants are not directors or officers of the Company for purposes of Section 16;

(xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

#### Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(b):

(i) Initial Authorization. There shall be 8,000,000 Shares initially available for issuance under the Plan.

(ii) Acquired Shares. In addition to the amount set forth above, up to 8,000,000 Shares acquired by the Company subsequent to the effectiveness of the Plan as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.

(iii) Additional Shares. Shares acquired by the Company in the circumstances set forth in (ii) above in excess of the amount set forth therein may thereafter be included in the Shares available for Awards to the extent permissible for purposes of allowing the Plan to continue to satisfy the conditions of Rule 16b-3.

(iv) Shares Under Prior Plans. In addition to the amounts set forth above, shares remaining available for issuance upon any termination of authority to make further awards under both the Company's 1988 Restricted Stock Incentive Plan and its 1988 Stock Option Plan shall thereafter be available for issuance hereunder.

(v) Accounting for Awards. For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for granting Awards under the Plan.

(vi) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or

in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

#### Section 5. Eligibility

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, but excluding a member of the Committee, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

#### Section 6. Awards

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to

comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so

exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a restoration Option shall not exceed the number of whole Shares exchanged in payment of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the

Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(2)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest

with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the

grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) An Option may be transferred:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee; or

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate.

(2) A Participant may assign or transfer rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant

may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(3) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control of the Company (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(b), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control.

(B) With respect to any Award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting

power of all outstanding voting securities of the Company; or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(C) Notwithstanding the provisions of subparagraph (B), with respect to Awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (C) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (B) or (C) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (C) in lieu of the foregoing subparagraph (B). A Change in Control for purposes of this subparagraph (C) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(D)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a Participant, whether

paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (D) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such Participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such Participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such Participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Section 6(g)(vi)(D), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the Participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected Participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected Participant. In the event that the Participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Section 6(g)(vi)(D) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

#### Section 7. Amendment and Termination

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any outstanding Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and (ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards.

(b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.

(c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

(d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

#### Section 8. General Provisions

(a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants

or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that

any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### Section 9. Effective Date of the Plan

The Plan shall be effective as of the date of its approval by the Company's stockholders.

MASCOTECH, INC.

1991 LONG TERM STOCK INCENTIVE PLAN

(Restated December 6, 1995)

Section 1. Purposes

The purposes of the 1991 Long Term Stock Incentive Plan (the "Plan") are to encourage selected employees of and consultants to MascoTech, Inc. (the "Company") and its Affiliates to acquire a proprietary interest in the Company in order to create an increased incentive to contribute to the Company's future success and prosperity, and enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom the sustained progress, growth and profitability of the Company depend, thus enhancing the value of the Company for the benefit of its stockholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean any entity in which the Company's direct or indirect equity interest is at least twenty percent, and any other entity in which the Company has a significant direct or indirect equity interest, whether more or less than twenty percent, as determined by the Committee.

(b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(e) "Committee" shall mean a committee of the Company's directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is a "disinterested person" within the meaning of Rule 16b-3.

(f) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the Plan.

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(h) "Incentive Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code, or any successor provision thereto.

(i) "Non-Qualified Stock Option" shall mean an Option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(j) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(k) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the Plan.

(l) "Participant" shall mean an employee of or consultant to the Company or any Affiliate designated to be granted an Award under the Plan.

(m) "Performance Award" shall mean any right granted under Section 6(d) of the Plan.

(n) "Restricted Period" shall mean the period of time during which Awards of Restricted Stock or Restricted Stock Units are subject to restrictions.

(o) "Restricted Stock" shall mean any Share granted under Section 6(c) of the Plan.

(p) "Restricted Stock Unit" shall mean any right granted under Section 6(c) of the Plan that is denominated in Shares.

(q) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.

(r) "Section 16" shall mean Section 16 of the Exchange Act, the rules and regulations promulgated by the Securities and Exchange Commission thereunder, or any successor provision, rule or regulation.

(s) "Shares" shall mean the Company's common stock, par value \$1.00 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.

(t) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the Plan.

### Section 3. Administration

The Committee shall administer the Plan, and subject to the terms of the Plan and applicable law, the Committee's authority shall include without limitation the power to:

- (i) designate Participants;
- (ii) determine the types of Awards to be granted;
- (iii) determine the number of Shares to be covered by Awards and any payments, rights or other matters to be calculated in connection therewith;
- (iv) determine the terms and conditions of Awards and amend the terms and conditions of outstanding Awards;
- (v) determine how, whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended;
- (vi) determine how, whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;
- (vii) determine the methods or procedures for establishing the fair market value of any property (including, without limitation, any Shares or other securities) transferred, exchanged, given or received with respect to the Plan or any Award;
- (viii) prescribe and amend the forms of Award Agreements and other instruments required under or advisable with respect to the Plan;
- (ix) designate Options granted to key employees of the Company or its subsidiaries as Incentive Stock Options;
- (x) interpret and administer the Plan, Award Agreements, Awards and any contract, document, instrument or agreement relating thereto;
- (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the administration of the Plan;
- (xii) decide all questions and settle all controversies and disputes which may arise in connection with the Plan, Award Agreements and Awards;

(xiii) delegate to directors of the Company who need not be "disinterested persons" within the meaning of Rule 16b-3 the authority to designate Participants and grant Awards, and to amend Awards granted to Participants, provided such Participants are not directors or officers of the Company for purposes of Section 16;

(xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the interpretation, application and administration of the Plan, Award Agreements and Awards.

All designations, determinations, interpretations and other decisions under or with respect to the Plan, Award Agreements or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, Affiliates, Participants, beneficiaries of Awards and stockholders of the Company.

#### Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(b):

(i) Initial Authorization. There shall be 6,000,000 Shares initially available for issuance under the Plan.

(ii) Acquired Shares. In addition to the amount set forth above, up to 6,000,000 Shares acquired by the Company subsequent to the effectiveness of the Plan as full or partial payment for the exercise price for an Option or any other stock option granted by the Company, or acquired by the Company, in open market transactions or otherwise, in connection with the Plan or any Award hereunder or any other employee stock option or restricted stock issued by the Company may thereafter be included in the Shares available for Awards. If any Shares covered by an Award or to which an Award relates are forfeited, or if an Award expires, terminates or is cancelled, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan by reason of such Award, to the extent of any such forfeiture, expiration, termination or cancellation, may thereafter be available for further granting of Awards and included as acquired Shares for purposes of the preceding sentence.

(iii) Additional Shares. Shares acquired by the Company in the circumstances set forth in (ii) above in excess of the amount set forth therein may thereafter be included in the Shares available for Awards to the extent permissible for

purposes of allowing the Plan to continue to satisfy the conditions of Rule 16b-3.

(iv) Shares Under Prior Plans. In addition to the amount set forth above, shares remaining available for issuance upon any termination of authority to make further awards under both the Company's 1984 Restricted Stock Incentive Plan and its 1984 Stock Option Plan shall thereafter be available for issuance hereunder.

(v) Accounting for Awards. For purposes of this Section 4,

(A) if an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan to the extent determinable on such date and insofar as the number of Shares is not then determinable under procedures adopted by the Committee consistent with the purposes of the Plan; and

(B) Dividend Equivalents and Awards not denominated in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Committee shall determine under procedures adopted by the Committee consistent with the purposes of the Plan;

provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards or restricted stock awards or stock options granted under any other plan of the Company may be counted or not counted under procedures adopted by the Committee in order to avoid double counting. Any Shares that are delivered by the Company or its Affiliates, and any Awards that are granted by, or become obligations of, the Company, through the assumption by the Company of, or in substitution for, outstanding restricted stock awards or stock options previously granted by an acquired company shall not, except in the case of Awards granted to Participants who are directors or officers of the Company for purposes of Section 16, be counted against the Shares available for granting Awards under the Plan.

(vi) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized but unissued Shares or of Shares reacquired by the Company, including but not limited to Shares purchased on the open market.

(b) Adjustments. Upon the occurrence of any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), change in the capital or shares of capital stock, recapitalization, stock split, reverse stock split, reorganization,

merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or extraordinary transaction or event which affects the Shares, then the Committee shall have the authority to make such adjustment, if any, in such manner as it deems appropriate, in (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, (ii) outstanding Awards including without limitation the number and type of Shares (or other securities or property) subject thereto, and (iii) the grant, purchase or exercise price with respect to outstanding Awards and, if deemed appropriate, make provision for cash payments to the holders of outstanding Awards; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

#### Section 5. Eligibility

Any employee of or consultant to the Company or any Affiliate, including any officer of the Company (who may also be a director, but excluding a member of the Committee, any person who serves only as a director of the Company and any consultant to the Company or an Affiliate who is also a director of the Company and who is not rendering services pursuant to a written agreement with the entity in question), as may be selected from time to time by the Committee or by the directors to whom authority may be delegated pursuant to Section 3 hereof in its or their discretion, is eligible to be designated a Participant.

#### Section 6. Awards

(a) Options. The Committee is authorized to grant Options to Participants.

(i) Committee Determinations. Subject to the terms of the Plan, the Committee shall determine:

(A) the purchase price per Share under each Option;

(B) the term of each Option; and

(C) the time or times at which an Option may be exercised, in whole or in part, the method or methods by which and the form or forms (including, without limitation, cash, Shares, other Awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which payment of the exercise price with respect thereto may be made or deemed to have been made. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or

any successor provision thereto, and any regulations promulgated thereunder.

Subject to the terms of the Plan, the Committee may impose such conditions or restrictions on any Option as it deems appropriate.

(ii) Other Terms. Unless otherwise determined by the Committee:

(A) A Participant electing to exercise an Option shall give written notice to the Company, as may be specified by the Committee, of exercise of the Option and the number of Shares elected for exercise, such notice to be accompanied by such instruments or documents as may be required by the Committee, and shall tender the purchase price of the Shares elected for exercise.

(B) At the time of exercise of an Option payment in full in cash shall be made for all Shares then being purchased.

(C) The Company shall not be obligated to issue any Shares unless and until:

(I) if the class of Shares at the time is listed upon any stock exchange, the Shares to be issued have been listed, or authorized to be added to the list upon official notice of issuance, upon such exchange, and

(II) in the opinion of the Company's counsel there has been compliance with applicable law in connection with the issuance and delivery of Shares and such issuance shall have been approved by the Company's counsel.

Without limiting the generality of the foregoing, the Company may require from the Participant such investment representation or such agreement, if any, as the Company's counsel may consider necessary in order to comply with the Securities Act of 1933 as then in effect, and may require that the Participant agree that any sale of the Shares will be made only in such manner as shall be in accordance with law and that the Participant will notify the Company of any intent to make any disposition of the Shares whether by sale, gift or otherwise. The Participant shall take any action reasonably requested by the Company in such connection. A Participant shall have the rights of a stockholder only as and when Shares have been actually issued to the Participant pursuant to the Plan.

(D) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that an entity is no longer

an Affiliate) other than the Participant's death, the Participant may thereafter exercise the Option as provided below, except that the Committee may terminate the unexercised portion of the Option concurrently with or at any time following termination of the employment or consulting arrangement (including termination of employment upon a change of status from employee to consultant) if it shall determine that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. If such termination is voluntary on the part of the Participant, the option may be exercised only within ten days after the date of termination. If such termination is involuntary on the part of the Participant, if an employee retires on or after normal retirement date or if the employment or consulting relationship is terminated by reason of permanent and total disability, the Option may be exercised within three months after the date of termination or retirement. For purposes of this Paragraph (D), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(E) If a Participant dies at a time when entitled to exercise an Option, then at any time or times within one year after death such Option may be exercised, as to all or any of the Shares which the Participant was entitled to purchase immediately prior to death. The Company may decline to deliver Shares to a designated beneficiary until it receives indemnity against claims of third parties satisfactory to the Company. Except as so exercised such Option shall expire at the end of such period.

(F) An Option may be exercised only if and to the extent such Option was exercisable at the date of termination of employment or the consulting arrangement, and an Option may not be exercised at a time when the Option would not have been exercisable had the employment or consulting arrangement continued.

(iii) Restoration Options. The Committee may grant a Participant the right to receive a restoration Option with respect to an Option or any other option granted by the Company. Unless the Committee shall otherwise determine, a restoration Option shall provide that the underlying option must be exercised while the Participant is an employee of or consultant to the Company or an Affiliate and the number of Shares which are subject to a

restoration Option shall not exceed the number of whole Shares exchanged in payment of the original option.

(b) Stock Appreciation Rights. The Committee is authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the fair market value of one Share on the date of exercise or, if the Committee shall so determine in the case of any such right other than one related to any Incentive Stock Option, at any time during a specified period before or after the date of exercise over (ii) the grant price of the right as specified by the Committee. Subject to the terms of the Plan, the Committee shall determine the grant price, term, methods of exercise and settlement and any other terms and conditions of any Stock Appreciation Right and may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units.

(i) Issuance. The Committee is authorized to grant to Participants Awards of Restricted Stock, which shall consist of Shares, and Restricted Stock Units which shall give the Participant the right to receive cash, other securities, other Awards or other property, in each case subject to the termination of the Restricted Period determined by the Committee.

(ii) Restrictions. The Restricted Period may differ among Participants and may have different expiration dates with respect to portions of Shares covered by the same Award. Subject to the terms of the Plan, Awards of Restricted Stock and Restricted Stock Units shall have such restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive any dividend or other right or property), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise. Unless the Committee shall otherwise determine, any Shares or other securities distributed with respect to Restricted Stock or which a Participant is otherwise entitled to receive by reason of such Shares shall be subject to the restrictions contained in the applicable Award Agreement. Subject to the aforementioned restrictions and the provisions of the Plan, Participants shall have all of the rights of a stockholder with respect to Shares of Restricted Stock.

(iii) Registration. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of stock certificates.

(iv) Forfeiture. Except as otherwise determined by the Committee:

(A) If the employment of or consulting arrangement with a Participant terminates for any reason (including termination by reason of the fact that any entity is no longer an Affiliate), other than the Participant's death or permanent and total disability or, in the case of an employee, retirement on or after normal retirement date, all Shares of Restricted Stock theretofore awarded to the Participant which are still subject to restrictions shall upon such termination of employment or the consulting relationship be forfeited and transferred back to the Company. Notwithstanding the foregoing or Paragraph (C) below, if a Participant continues to hold an Award of Restricted Stock following termination of the employment or consulting arrangement (including retirement and termination of employment upon a change of status from employee to consultant), the Shares of Restricted Stock which remain subject to restrictions shall nonetheless be forfeited and transferred back to the Company if the Committee at any time thereafter determines that the Participant has engaged in any activity detrimental to the interests of the Company or an Affiliate. For purposes of this Paragraph (A), a Participant's employment or consulting arrangement shall not be considered terminated (i) in the case of approved sick leave or other bona fide leave of absence (not to exceed one year), (ii) in the case of a transfer of employment or the consulting arrangement among the Company and Affiliates, or (iii) by virtue of a change of status from employee to consultant or from consultant to employee, except as provided above.

(B) If a Participant ceases to be employed or retained by the Company or an Affiliate by reason of death or permanent and total disability or if following retirement a Participant continues to have rights under an Award of Restricted Stock and thereafter dies, the restrictions contained in the Award shall lapse with respect to such Restricted Stock.

(C) If an employee ceases to be employed by the Company or an Affiliate by reason of retirement on or after normal retirement date, the restrictions contained in the Award of Restricted Stock shall continue to lapse in the same manner as though employment had not terminated.

(D) At the expiration of the Restricted Period as to Shares covered by an Award of Restricted Stock, the Company shall deliver the Shares as to which the Restricted Period has expired, as follows:

(1) if an assignment to a trust has been made in accordance with Section 6(g)(iv)(B)(2)(c), to such trust; or

(2) if the Restricted Period has expired by reason of death and a beneficiary has been designated in form approved by the Company, to the beneficiary so designated; or

(3) in all other cases, to the Participant or the legal representative of the Participant's estate.

(d) Performance Awards. The Committee is authorized to grant Performance Awards to Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and other terms and conditions shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan, such Awards may have such terms and conditions as the Committee shall determine.

(f) Other Stock-Based Awards. The Committee is authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants to persons who are subject to Section 16 must comply with the provisions of Rule 16b-3. Subject to the terms of the Plan, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards or other property or any combination thereof, as the Committee shall determine.

(g) General.

(i) No Cash Consideration for Awards. Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under another plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) Forms of Payment Under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) Limits on Transfer of Awards.

(A) Except as the Committee may otherwise determine, no Award or right under any Award may be sold, encumbered, pledged, alienated, attached, assigned or transferred in any manner and any attempt to do any of the foregoing shall be void and unenforceable against the Company.

(B) Notwithstanding the provisions of Paragraph (A) above:

(1) An Option may be transferred:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee; or

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate.

(2) A Participant may assign or transfer rights under an Award of Restricted Stock or Restricted Stock Units:

(a) to a beneficiary designated by the Participant in writing on a form approved by the Committee;

(b) by will or the applicable laws of descent and distribution to the personal representative, executor or administrator of the Participant's estate; or

(c) to a revocable grantor trust established by the Participant for the sole benefit of the Participant during the Participant's life, and under the terms of which the Participant is and remains the sole trustee until death or physical or mental incapacity. Such assignment shall be effected by a written instrument in form and content satisfactory to the Committee, and the Participant shall deliver to the Committee a true copy of the agreement or other document evidencing such trust. If in the judgment of the Committee the trust to which a Participant may attempt to assign rights under such an Award does not meet the criteria of a trust to which an assignment is permitted by the terms hereof, or if after assignment, because of amendment, by force of law or any other reason such trust no longer meets such criteria, such attempted assignment shall be void and may be disregarded by the Committee and the Company and all rights to any such Awards shall revert to and remain solely in the Participant. Notwithstanding a qualified assignment, the Participant, and not the trust to which rights under such an Award may be assigned, for the purpose of determining compensation arising by reason of the Award shall continue to be considered an employee or consultant, as the case may be, of the Company or an Affiliate, but such trust and the Participant shall be bound by all of the terms and conditions of the Award Agreement and this Plan. Shares issued in the name of and delivered to such trust shall be conclusively considered issuance and delivery to the Participant.

(3) The Committee shall not permit directors or officers of the Company for purposes of Section 16 to transfer or assign Awards except as permitted under Rule 16b-3.

(C) The Committee, the Company and its officers, agents and employees may rely upon any beneficiary designation, assignment or other instrument of transfer, copies of trust agreements and any other documents delivered to them by or on behalf of the Participant which they believe genuine and any action taken by them in reliance thereon shall be conclusive and binding upon the Participant, the personal representatives of the Participant's estate and all persons asserting a claim based on an Award. The delivery by a Participant of a beneficiary designation, or an assignment of rights under an Award as permitted hereunder, shall constitute the Participant's irrevocable undertaking to hold the Committee, the Company and its officers, agents and employees harmless against claims, including any cost or expense incurred in defending against claims, of any person (including the Participant) which may be asserted or alleged to be based on an Award subject to a beneficiary designation or an assignment. In addition, the Company may decline to deliver Shares to a beneficiary until it receives indemnity against claims of third parties satisfactory to the Company.

(v) Share Certificates. All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(vi) Change in Control. (A) Notwithstanding any of the provisions of this Plan or instruments evidencing Awards granted hereunder, upon a Change in Control of the Company (as hereinafter defined) the vesting of all rights of Participants under outstanding Awards shall be accelerated and all restrictions thereon shall terminate in order that Participants may fully realize the benefits thereunder. Such acceleration shall include, without limitation, the immediate exercisability in full of all Options and the termination of restrictions on Restricted Stock and Restricted Stock Units. Further, in addition to the Committee's authority set forth in Section 4(b), the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is made hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the purchase of any such Award, upon the Participant's request, for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable; (ii) make such adjustment to any such Award then outstanding as the Committee

deems appropriate to reflect such Change in Control; and (iii) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation after such Change in Control.

(B) With respect to any Award granted hereunder prior to December 6, 1995, a Change in Control shall occur if:

(1) any "person" or "group of persons" as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, other than pursuant to a transaction or agreement previously approved by the Board of Directors of the Company, directly or indirectly purchases or otherwise becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of (A) the Company or (B) of Masco Corporation, a Delaware corporation ("Masco"); or

(2) during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's or Masco's Board of Directors, and any new directors whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof.

(C) Notwithstanding the provisions of subparagraph (B), with respect to Awards granted hereunder on or after December 6, 1995, a Change in Control shall occur only if the event described in this subparagraph (C) shall have occurred. With respect to any other Award granted prior thereto, a Change in Control shall occur if any of the events described in subparagraphs (B) or (C) shall have occurred, unless the holder of any such Award shall have consented to the application of this subparagraph (C) in lieu of the foregoing subparagraph (B). A Change in Control for purposes of this subparagraph (C) shall occur if, during any period of twenty-four consecutive calendar months, the individuals who at the beginning of such period constitute the Company's Board of Directors, and any new directors (other than Excluded Directors, as hereinafter defined), whose election by such Board or nomination for election by stockholders was approved by a vote of at least two-thirds of the members of such Board who were either directors on such Board at the beginning of

the period or whose election or nomination for election as directors was previously so approved, for any reason cease to constitute at least a majority of the members thereof. For purposes hereof, "Excluded Directors" are directors whose election by the Board or approval by the Board for stockholder election occurred within one year of any "person" or "group of persons", as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, commencing a tender offer for, or becoming the beneficial owner of, voting securities representing 25 percent or more of the combined voting power of all outstanding voting securities of the Company, other than pursuant to a tender offer approved by the Board prior to its commencement or pursuant to stock acquisitions approved by the Board prior to their representing 25 percent or more of such combined voting power.

(D)(1) In the event that subsequent to a Change in Control it is determined that any payment or distribution by the Company to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, other than any payment pursuant to this subparagraph (D) (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then such Participant shall be entitled to receive from the Company, within 15 days following the determination described in (2) below, an additional payment ("Excise Tax Adjustment Payment") in an amount such that after payment by such Participant of all applicable Federal, state and local taxes (computed at the maximum marginal rates and including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Excise Tax Adjustment Payment, such Participant retains an amount of the Excise Tax Adjustment Payment equal to the Excise Tax imposed upon the Payments.

(2) All determinations required to be made under this Section 6(g)(vi)(D), including whether an Excise Tax Adjustment Payment is required and the amount of such Excise Tax Adjustment Payment, shall be made by Cooper & Lybrand L.L.P., or such other national accounting firm as the Company, or, subsequent to a Change in Control, the Company and the Participant jointly, may designate, for purposes of the Excise Tax, which shall provide detailed supporting calculations to the Company and the affected Participant within 15 business days of the date of the applicable Payment. Except as hereinafter provided, any determination by Coopers & Lybrand L.L.P., or such other national accounting firm, shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code that may exist at the time of the initial determination

hereunder, it is possible that (x) certain Excise Tax Adjustment Payments will not have been made by the Company which should have been made (an "Underpayment"), or (y) certain Excise Tax Adjustment Payments will have been made which should not have been made (an "Overpayment"), consistent with the calculations required to be made hereunder. In the event of an Underpayment, such Underpayment shall be promptly paid by the Company to or for the benefit of the affected Participant. In the event that the Participant discovers that an Overpayment shall have occurred, the amount thereof shall be promptly repaid to the Company.

(3) This Section 6(g)(vi)(D) shall not apply to any Award (x) that was granted prior to February 17, 1993 and (y) the holder of which is an executive officer of the Company, as determined under the Exchange Act.

(vii) Cash Settlement. Notwithstanding any provision of this Plan or of any Award Agreement to the contrary, any Award outstanding hereunder may at any time be cancelled in the Committee's sole discretion upon payment of the value of such Award to the holder thereof in cash or in another Award hereunder, such value to be determined by the Committee in its sole discretion.

## Section 7. Amendment and Termination

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) Amendments to the Plan. The Board of Directors of the Company may amend the Plan and the Board of Directors or the Committee may amend any outstanding Award; provided, however, that (i) no Plan amendment shall be effective until approved by stockholders of the Company insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the conditions of Rule 16b-3, and (ii) without the consent of affected Participants no amendment of the Plan or of any Award may impair the rights of Participants under outstanding Awards.

(b) Waivers. The Committee may waive any conditions or rights under any Award theretofore granted, prospectively or retroactively, without the consent of any Participant.

(c) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that

such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

(d) Correction of Defects, Omissions, and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to effectuate the Plan.

#### Section 8. General Provisions

(a) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards of the same type and the determination of the Committee to grant a waiver or modification of any Award and the terms and conditions thereof need not be the same with respect to each Participant.

(b) Withholding. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, other Awards or other property) of withholding taxes due in respect of an Award, its exercise or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy all obligations for the payment of such taxes.

(c) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, including the grant of options and other stock-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or other written agreement with the Participant.

(e) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Michigan and applicable Federal law.

(f) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan

or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.

(i) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### Section 9. Effective Date of the Plan

The Plan shall be effective as of the date of its approval by the Company's stockholders.

TRIMAS CORPORATION  
 COMPUTATION OF EARNINGS PER COMMON SHARE  
 (In Thousands, Except Per Share Amounts)

	Twelve Months Ended December 31,		Three Months Ended December 31,	
	1995	1994	1995	1994
Primary:				
Net income	\$56,020	\$50,100	\$12,800	\$11,960
Weighted average common shares outstanding	36,644	36,644	36,644	36,644
Dilution of stock options	347	382	334	357
Weighted average common and common equivalent shares outstanding after assumed exercise of options	36,991	37,026	36,978	37,001
Primary earnings per common share	\$1.51	\$1.35	\$.35	\$.32
Fully diluted:				
Net income	\$56,020	\$50,100	\$12,800	\$11,960
Add after tax convertible debenture related expenses	3,680	3,680	920	920
Net income as adjusted	\$59,700	\$53,780	\$13,720	\$12,880
Weighted average common shares outstanding	36,644	36,644	36,644	36,644
Dilution of stock options	347	382	334	357
Addition from assumed conversion of convertible debentures	5,083	5,083	5,083	5,083
Weighted average common and common equivalent shares outstanding on a fully diluted basis	42,074	42,109	42,061	42,084
Fully diluted earnings per common share	\$1.42	\$1.28	\$.33	\$.31

TRIMAS CORPORATION  
 COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES  
 (Dollar Amounts in Thousands)

	For the years ended December 31,		
	1995	1994	1993
Earnings:			
Income before income taxes	\$ 91,840	\$83,500	\$63,870
Fixed charges	14,570	13,900	10,250
Earnings before fixed charges	\$106,410	\$97,400	\$74,120
Fixed charges:			
Interest	\$ 13,870	\$13,170	\$ 9,650
Portion of rental expense	900	870	730
Fixed charges	\$ 14,770	\$14,040	\$10,380
Ratios of earnings to fixed charges	7.2	6.9	7.1

TRIMAS CORPORATION  
(a Delaware Corporation)

## Subsidiaries

Name	Jurisdiction of Incorporation or Organization
Compac Corporation	Delaware
Netcong Investments, Inc.	New Jersey
Di-Rite Company	Ohio
Draw-Tite, Inc.	Delaware
Mongo Electronics, Inc.	Delaware
Draw-Tite (Canada) Ltd.	Ontario
Eskay Screw Corporation	Delaware
Fulton Performance Products, Inc.	Delaware
Spar Marine Manufacturing Ltd.	British Columbia
Hitch 'N Post, Inc.	Delaware
Kee Services, Inc.	Michigan
Keo Cutters, Inc.	Delaware
Lake Erie Screw Corporation	Ohio
Lamons Metal Gasket Co.	Delaware
Canadian Gasket & Supply Inc.	Canada
Louisiana Hose & Rubber Co.	Louisiana
Monogram Aerospace Fasteners, Inc.	Delaware
Norris Cylinder Company	Delaware
Punchcraft Company	Michigan
Reese Products, Inc.	Indiana
Hayman-Reese Pty. Ltd.	Australia
Reese Products of Canada Ltd.	Ontario
Reska Spline Products, Inc.	Michigan
Richards Micro-Tool, Inc.	Delaware
Rieke Corporation	Indiana
Rieke Canada Limited	Canada
Rieke of Mexico, Inc.	Delaware

Name	Jurisdiction of Incorporation or Organization
Rieke de Mexico, S.A. de C.V.	Mexico
Rieke Leasing Co., Incorporated	Delaware
TriMas Corporation	Nevada
TriMas Export, Inc.	Barbados
TriMas Fasteners Corp.	Delaware
TriMas Services Corp.	Delaware

Directly owned subsidiaries appear at the left hand margin, first tier and second tier subsidiaries are indicated by single and double indentation, respectively, and are listed under the names of their respective parent companies. Unless otherwise indicated, all subsidiaries are wholly-owned. Certain of these companies may also use tradenames or other assumed names in the conduct of their business.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the prospectuses included in the registration statements of TriMas Corporation and subsidiaries on Form S-8 (Registration Nos. 33-31030 and 033-59243) and on Form S-3 (Registration Nos. 33-56372, 33-72462, 33-53889 and 33-59014) of our report dated February 7, 1996, on our audits of the consolidated financial statements and financial statement schedule of TriMas Corporation and subsidiaries as of December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, which report is included in this Annual Report on Form 10-K.

/s/ Coopers & Lybrand L.L.P.

COOPERS & LYBRAND L.L.P.

Detroit, Michigan  
March 25, 1996

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TRIMAS CORPORATION'S FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

YEAR		
	DEC-31-1995	
	DEC-31-1995	
		92,390,000
		0
		72,730,000
		1,530,000
		85,490,000
	251,590,000	
		290,480,000
		116,780,000
		616,360,000
54,130,000		
		187,200,000
	370,000	
		0
		0
		338,300,000
616,360,000		
		553,490,000
	553,490,000	
		371,470,000
		371,470,000
		0
		0
	13,530,000	
		91,840,000
		35,820,000
56,020,000		
		0
		0
		0
		56,020,000
		1.51
		1.42