

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2008

Or

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

For the Transition Period from _____ to _____

Commission File Number 333-100351

TRIMAS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

38-2687639

(IRS Employer
Identification No.)

39400 Woodward Avenue, Suite 130

Bloomfield Hills, Michigan 48304

(Address of principal executive offices, including zip code)

(248) 631-5450

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer
(Do not check if a smaller reporting company)

Smaller Reporting Company

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

As of August 6, 2008, the number of outstanding shares of the Registrant's common stock, \$.01 par value, was 33,409,500 shares.

TriMas Corporation
Index

Part I. Financial Information

	Forward-Looking Statements	2
Item 1.	Consolidated Financial Statements	4
	Consolidated Balance Sheet—June 30, 2008 and December 31, 2007	4
	Consolidated Statement of Operations for the Three and Six Months Ended June 30, 2008 and 2007	5
	Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2008 and 2007	6
	Consolidated Statement of Shareholders' Equity for the Six Months Ended June 30, 2008	7
	Notes to Unaudited Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 3.	Quantitative and Qualitative Disclosure about Market Risk	60
Item 4.	Controls and Procedures	60

Part II. Other Information and Signatures

Item 1.	Legal Proceedings	61
Item 1A.	Risk Factors	62
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	62
Item 3.	Defaults Upon Senior Securities	62
Item 4.	Submission of Matters to a Vote of Security Holders	63
Item 5.	Other Information	63
Item 6	Exhibits	64
Signature		68

Forward-Looking Statements

This report contains forward-looking statements (as that term is defined by the federal securities laws) about our financial condition, results of operations and business. You can find many of these statements by looking for words such as "may," "will," "expect," "anticipate," "believe," "estimate" and similar words used in this report.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties. Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on these statements, which speak only as of the date of this report.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this report include general economic conditions in the markets in which we operate and industry-related and other factors such as:

- Our businesses depend upon general economic conditions and we serve some customers in highly cyclical industries. As a result, we are subject to the loss of sales and margins due to an economic downturn or recession, which could negatively affect us;
- Many of the markets we serve are highly competitive, which could limit the volume of products that we sell and reduce our operating margins. We also face the risk of lower cost foreign manufacturers located in China, Southeast Asia and other regions competing in the markets for our products, and we may be adversely impacted;
- Increases in our raw material or energy costs or the loss of critical suppliers or customers could adversely affect our profitability and other financial results;
- We may be unable to successfully implement our business strategies. Our ability to realize benefits from our business strategies may be limited;
- Our products are typically highly engineered or customer-driven and, as such, we are subject to risks associated with changing technology and manufacturing techniques, which could place us at a competitive disadvantage;
- We depend on the services of key individuals and relationships, the loss of which could materially harm us;
- We have substantial debt and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations;
- Restrictions in our debt instruments and accounts receivable facility limit our ability to take certain actions and breaches thereof could impair our liquidity;
- We may be unable to protect our intellectual property or face liability associated with the use of products for which intellectual property rights are claimed;
- We have significant goodwill and intangible assets. We incurred a significant impairment of our goodwill in 2007 and 2006. If we experience declines in sales and operating profit, do not meet our current and forecasted operating budget, or experience significant declines in our stock price, we may be subject to future impairment charges. Future impairment of our goodwill and intangible assets could have a material adverse impact on our financial results;

- We may incur material losses and costs as a result of product liability, recall and warranty claims that may be brought against us;
- Our business may be materially and adversely affected by compliance obligations and liabilities including environmental and other laws and regulations;
- Historically, we have grown primarily through acquisitions. If we are unable to identify attractive acquisition candidates, successfully integrate acquired operations or realize the intended benefits of our acquisitions, we may be adversely affected;
- We have significant operating lease obligations. Failure to meet those obligations could adversely affect our financial condition;
- We may be subject to work stoppages and further unionization at our facilities or our customers or suppliers may be subjected to work stoppages, which could seriously impact the profitability of our business;
- Our healthcare costs for active employees and retirees may exceed our projections and may negatively affect our financial results; and
- A growing portion of our sales may be derived from international sources, which exposes us to certain risks which may adversely affect our financial results.

We disclose important factors that could cause our actual results to differ materially from our expectations under Item 2. "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and elsewhere in this report. These cautionary statements qualify all forward-looking statements attributed to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, financial and other condition, results of operations, prospects and ability to service our debt.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,860	\$ 4,800
Receivables, net	127,470	89,3700
Inventories, net	186,200	190,590
Deferred income taxes	18,860	18,860
Prepaid expenses and other current assets	6,280	7,010
Assets of discontinued operations held for sale	2,760	3,330
Total current assets	348,430	313,960
Property and equipment, net	197,840	195,120
Goodwill	384,270	377,340
Other intangibles, net	209,320	214,290
Other assets	25,250	27,280
Total assets	\$ 1,165,110	\$ 1,127,990
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities, long-term debt	\$ 9,900	\$ 8,390
Accounts payable	140,440	121,860
Accrued liabilities	63,950	71,830
Liabilities of discontinued operations	1,170	1,450
Total current liabilities	215,460	203,530
Long-term debt	606,500	607,600
Deferred income taxes	73,950	73,280
Other long-term liabilities	35,630	35,090
Total liabilities	931,540	919,500
Preferred stock \$0.01 par: Authorized 100,000,000 shares; Issued and outstanding: None	—	—
Common stock, \$0.01 par: Authorized 400,000,000 shares; Issued and outstanding: 33,409,500 shares at June 30, 2008 and December 31, 2007, respectively	330	330
Paid-in capital	526,840	525,960
Accumulated deficit	(356,650)	(373,970)
Accumulated other comprehensive income	63,050	56,170
Total shareholders' equity	233,570	208,490
Total liabilities and shareholders' equity	\$ 1,165,110	\$ 1,127,990

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

Consolidated Statement of Operations

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

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net sales	\$ 297,080	\$ 287,670	\$ 576,640	\$ 572,110
Cost of sales	(218,330)	(208,020)	(424,550)	(414,460)
Gross profit	78,750	79,650	152,090	157,650
Selling, general and administrative expenses	(48,790)	(45,320)	(93,910)	(90,860)
Advisory services agreement termination fee	—	(10,000)	—	(10,000)
Costs for early termination of operating leases	—	(4,230)	—	(4,230)
Gain (loss) on dispositions of property and equipment	(110)	280	(220)	110
Operating profit	29,850	20,380	57,960	52,670
Other expense, net:				
Interest expense	(13,880)	(18,340)	(28,590)	(37,200)
Debt extinguishment costs	—	(7,440)	—	(7,440)
Other, net	(1,340)	(1,060)	(2,530)	(2,220)
Other expense, net	(15,220)	(26,840)	(31,120)	(46,860)
Income (loss) from continuing operations before income tax benefit (expense)	14,630	(6,460)	26,840	5,810
Income tax benefit (expense)	(5,250)	2,400	(9,670)	(2,120)
Income (loss) from continuing operations	9,380	(4,060)	17,170	3,690
Income from discontinued operations, net of income tax benefit	70	870	150	170
Net income (loss)	\$ 9,450	\$ (3,190)	\$ 17,320	\$ 3,860
Earnings (loss) per share—basic:				
Continuing operations	\$ 0.28	\$ (0.15)	\$ 0.51	\$ 0.16
Discontinued operations, net of income tax expense	—	0.03	—	—
Net income (loss) per share	\$ 0.28	\$ (0.12)	\$ 0.51	\$ 0.16
Weighted average common shares—basic	33,409,500	26,223,236	33,409,500	23,506,461
Earnings (loss) per share—diluted:				
Continuing operations	\$ 0.28	\$ (0.15)	\$ 0.51	\$ 0.16
Discontinued operations, net of income tax expense	—	0.03	—	—
Net income (loss) per share	\$ 0.28	\$ (0.12)	\$ 0.51	\$ 0.16
Weighted average common shares—diluted	33,642,907	26,223,236	33,597,276	23,506,461

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

TriMas Corporation

Consolidated Statement of Cash Flows

(Unaudited—dollars in thousands)

	Six months ended	
	June 30,	
	2008	2007
Net income	\$ 17,320	\$ 3,860
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition impact:		
Loss on dispositions of property and equipment	90	70
Depreciation	13,900	11,660
Amortization of intangible assets	7,800	7,800
Amortization of debt issue costs	1,220	3,970
Deferred income taxes	—	770
Non-cash compensation expense	880	120
Net proceeds from (reductions in) sale of receivables and receivables securitization	(3,630)	33,330
Increase in receivables	(33,290)	(48,230)
(Increase) decrease in inventories	4,950	(7,850)
Decrease in prepaid expenses and other assets	1,910	2,630
Increase in accounts payable and accrued liabilities	10,090	16,500
Other, net	2,020	1,310
Net cash provided by operating activities, net of acquisition impact	<u>23,260</u>	<u>25,940</u>
Cash Flows from Investing Activities:		
Capital expenditures	(13,530)	(14,860)
Acquisition of leased assets	—	(29,960)
Acquisition of businesses, net of cash acquired	(6,190)	—
Net proceeds from disposition of businesses and other assets	340	5,850
Net cash used for investing activities	<u>(19,380)</u>	<u>(38,970)</u>
Cash Flows from Financing Activities:		
Proceeds from sale of common stock in connection with the Company's initial public offering, net of issuance costs	—	126,460
Repayments of borrowings on senior credit facilities	(2,930)	(1,730)
Proceeds from borrowings on term loan facilities	490	—
Proceeds from borrowings on revolving credit facilities	269,200	248,370
Repayments of borrowings on revolving credit facilities	(268,580)	(260,950)
Retirement of senior subordinated notes	—	(100,000)
Net cash (used for) provided by financing activities	<u>(1,820)</u>	<u>12,150</u>
Cash and Cash Equivalents:		
Increase (decrease) for the period	2,060	(880)
At beginning of period	4,800	3,600
At end of period	<u>\$ 6,860</u>	<u>\$ 2,720</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 27,100</u>	<u>\$ 34,510</u>
Cash paid for taxes	<u>\$ 5,330</u>	<u>\$ 5,010</u>

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

TriMas Corporation

Consolidated Statement of Shareholders' Equity

Six Months Ended June 30, 2008

(Unaudited—dollars in thousands)

	Common Stock	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balances, December 31, 2007	\$ 330	\$525,960	\$ (373,970)	\$ 56,170	\$208,490
Comprehensive income:					
Net income	—	—	17,320	—	17,320
Amortization of defined benefit plan deferred losses (net of tax of \$0.06 million) (Note 16)	—	—	—	110	110
Foreign currency translation	—	—	—	6,690	6,690
Change in fair value of cash flow hedge (net of tax of \$0.05 million) (Note 10)	—	—	—	80	80
Total comprehensive income					24,200
Non-cash compensation expense	—	880	—	—	880
Balances, June 30, 2008	\$ 330	\$526,840	\$ (356,650)	\$ 63,050	\$233,570

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Basis of Presentation

TriMas Corporation ("TriMas" or the "Company"), and its consolidated subsidiaries, is a global manufacturer and distributor of products for commercial, industrial and consumer markets. The Company is principally engaged in five business segments with diverse products and market channels. Packaging Systems is a manufacturer and distributor of steel and plastic closure caps, drum enclosures, rings and levers, dispensing systems for industrial and consumer markets, as well as specialty laminates, jacketings and insulation tapes used with fiberglass insulation as vapor barriers in commercial and industrial construction applications. Energy Products is a manufacturer and distributor of a variety of engines, engine replacement parts and other well site products for the oil and gas industry as well as metallic and non-metallic industrial gaskets and fasteners for the petroleum refining, petrochemical and other industrial markets. Industrial Specialties designs and manufactures a diverse range of industrial products for use in niche markets within the aerospace, industrial, automotive, defense, and medical equipment markets. These products include highly engineered specialty fasteners for the aerospace industry, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gasses, spinal and trauma implant products for the medical industry, specialty fasteners for the automotive industry, specialty precision tools such as center drills, cutters, end mills, reamers, master gears, punches, and specialty ordnance components. RV & Trailer Products is a manufacturer and distributor of custom-engineered trailer products, brake control solutions, lighting accessories and roof racks for the recreational vehicle, agricultural/industrial, marine, automotive and commercial trailer markets. Recreational Accessories manufactures towing products, functional vehicle accessories and cargo management solutions including vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch-mounted accessories, and other accessory components which are distributed through independent installers and retail outlets.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and in the opinion of management, contain all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of financial position and results of operations. Results of operations for interim periods are not necessarily indicative of results for the full year. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the Company's 2007 Annual Report on Form 10-K.

2. Initial Public Offering

During the second quarter of 2007, the Company completed the sale of 12,650,000 shares of common stock to the public pursuant to an effective registration statement at a price of \$11.00 per share. Gross proceeds from the common stock offering were \$139.2 million. Net proceeds from the offering, after deducting underwriting discounts and commissions of \$9.7 million and offering expenses of \$3.0 million, totaled approximately \$126.5 million. The net proceeds of \$126.5 million, together with approximately \$10.1 million of cash on hand and revolving credit borrowings, were utilized to retire \$100.0 million of senior subordinated notes, to early terminate \$21.7 million of operating leases, to terminate the Company's advisory services agreement with Heartland Industrial Partners ("Heartland") for \$10.0 million and for the call premium of \$4.9 million associated with the retirement of the senior subordinated notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

3. Discontinued Operations and Assets Held for Sale

During the fourth quarter of 2007, the Company committed to a plan to sell its rocket launcher and property management lines of business, both of which were part of the Industrial Specialties operating segment. The Company sold the assets of the rocket launcher business in December 2007.

During the fourth quarter of 2005, the Company committed to a plan to sell three operating locations within its industrial fastening business. Two of the operating locations were sold in December 2006 and the third, the Frankfort operating location, was sold in February 2007.

The results of the Frankfort operating location, the rocket launcher business and the property management business are reported as discontinued operations for all periods presented.

Results of discontinued operations are summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(dollars in thousands)		(dollars in thousands)	
Net sales	\$ 730	\$ 3,160	\$ 1,660	\$ 11,960
Income from discontinued operations before income tax expense	\$ 90	\$ 1,400	\$ 230	\$ 1,160
Income tax expense	(20)	(530)	(80)	(990)
Income from discontinued operations, net of income tax expense	\$ 70	\$ 870	\$ 150	\$ 170

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

	June 30, 2008	December 31, 2007
	(dollars in thousands)	
Receivables, net	\$ 360	\$ 940
Inventories, net	—	60
Property and equipment, net	2,400	2,330
Total assets	\$ 2,760	\$ 3,330
Accounts payable	\$ 30	\$ 60
Accrued liabilities and other	1,140	1,390
Total liabilities	\$ 1,170	\$ 1,450

4. Huntsville Plant Closure

In October 2007, the Company announced plans to close its manufacturing facility in Huntsville, Ontario, Canada and consolidate its operations into the Company's Goshen, Indiana manufacturing facility. These actions were substantially complete as of December 31, 2007. As a result of these actions, the Company recorded a pre-tax charge within its Recreational Accessories segment of approximately \$9.0 million in the fourth quarter of 2007, of which approximately \$5.6 million related to cash costs incurred as a part of the closure as determined under the provisions of Statement of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

4. Huntsville Plant Closure (Continued)

Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," primarily relating to severance benefits to approximately 160 employees terminated as a part of the closure. The remaining \$3.4 million of the pre-tax charge related to impairment of assets recorded in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," to reduce the book value of the building and building improvements and certain machinery and equipment assets that the Company will no longer utilize to management's estimate of net realizable value. As of June 30, 2008, the Company has paid approximately \$5.2 million of the cash costs of the facility closure, with the remaining \$0.4 million expected to be paid during 2008.

In addition, the Company expects to incur approximately \$0.7 million in estimated costs and expenses in 2008 resulting from completion of the consolidation into the Goshen facility and recording severance and other benefits for approximately 10 key employees remaining with the Company until the closure is finalized. The Company recorded approximately \$0.1 million and \$0.6 million, respectively, of such charges during the three and six month periods ended June 30, 2008.

5. Acquisitions

In January 2008, the Company acquired Parkside Towbars, Pty. Ltd. ("Parkside"), located in Western Australia, strengthening the Company's position in international markets and expanding the Company's towing and truck accessory product offering. Parkside is included in the Company's RV & Trailer Products segment.

During the third quarter of 2007, the Company completed two acquisitions. On July 12, 2007, the Company acquired certain assets from Quest Technologies LLC, expanding the Company's fifth-wheel product offerings in its Recreational Accessories segment. In addition, on August 1, 2007, the Company acquired all of the capital stock of DEW Technologies, Inc., a manufacturer of specialty, high-precision spinal and trauma implant products serving the orthopedic device industry. DEW Technologies is included in the Company's Industrial Specialties segment and broadens the Company's product offerings in the medical device industry.

The allocation of purchase price for these acquisitions is subject to refinement of management estimates. The purchase price for these acquisitions is also subject to adjustments resulting from earn-out clauses based on future operating results, for which the Company paid the former owners of these businesses a combined approximately \$3.9 million during 2008 (see Note 6). These earn-out clauses extend up to five years.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

6. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the six months ended June 30, 2008 are summarized as follows:

	<u>Packaging Systems</u>	<u>Energy Products</u>	<u>Industrial Specialties</u>	<u>RV & Trailer Products</u>	<u>Recreational Accessories</u>	<u>Total</u>
Balance, December 31, 2007	\$190,690	\$46,050	\$ 64,950	\$42,190	\$ 33,460	\$377,340
Goodwill from acquisitions	—	—	3,380	470	80	3,930
Foreign currency translation and other	2,900	(150)	—	250	—	3,000
Balance, June 30, 2008	<u>\$193,590</u>	<u>\$45,900</u>	<u>\$ 68,330</u>	<u>\$42,910</u>	<u>\$ 33,540</u>	<u>\$384,270</u>

SFAS No. 142, "Goodwill and Other Intangible Assets," requires the completion of an impairment test for goodwill and other indefinite-lived intangible assets as of an annual date, and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company's accounting policy was to conduct the annual impairment test as of December 31st, with the most recent annual impairment test completed as of December 31, 2007. Effective in the second quarter of 2008, the Company changed its accounting policy to conduct the annual impairment test as of October 1st, with the testing to be conducted during the fourth quarter of each year. This change is preferable as it provides the Company additional time to complete the required testing and evaluate the results prior to the yearend closing and reporting activities and better enables the Company to comply with required reporting dates as an accelerated filer. The change in impairment test dates had no impact on the Company's financial results or financial position for any period presented.

The gross carrying amounts and accumulated amortization of the Company's other intangibles as of June 30, 2008 and December 31, 2007 are summarized below. The Company amortizes these assets over periods ranging from 1 to 30 years.

<u>Intangible Category by Useful Life</u>	<u>As of June 30, 2008</u>		<u>As of December 31, 2007</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
		(dollars in thousands)		
Customer relationships:				
6 – 12 years	\$ 29,910	\$ (19,080)	\$ 27,980	\$ (17,910)
15 – 25 years	169,190	(53,790)	169,190	(49,190)
Total customer relationships	<u>199,100</u>	<u>(72,870)</u>	<u>197,170</u>	<u>(67,100)</u>
Technology and other:				
1 – 15 years	27,360	(19,960)	26,630	(18,190)
17 – 30 years	41,220	(13,660)	40,830	(12,690)
Total technology and other	<u>68,580</u>	<u>(33,620)</u>	<u>67,460</u>	<u>(30,880)</u>
Trademark/Trade names (indefinite life)	52,540	(4,410)	51,990	(4,350)
	<u>\$320,220</u>	<u>\$ (110,900)</u>	<u>\$316,620</u>	<u>\$ (102,330)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

6. Goodwill and Other Intangible Assets (Continued)

Amortization expense related to technology and other intangibles was approximately \$1.0 million for each of the three months ended June 30, 2008 and 2007, respectively, and \$2.0 million and \$2.1 million for the six months ended June 30, 2008 and 2007, respectively. These amounts are included in cost of sales in the accompanying consolidated statement of operations. Amortization expense related to customer intangibles was \$2.9 million and \$2.8 million, and \$5.8 million and \$5.7 million for the three and six months ended June 30, 2008 and 2007, respectively. These amounts are included in selling, general and administrative expenses in the accompanying consolidated statement of operations.

7. Accounts Receivable Securitization

TriMas is party to a receivables securitization facility through TSPC, Inc. ("TSPC"), a wholly-owned subsidiary, to sell trade accounts receivable of substantially all of the Company's domestic business operations. The Company renewed this facility in February 2008, with the most significant changes being reducing the committed funding from \$125.0 million to \$90.0 million and reducing the usage fee from 1.35% to 1.05%. Renewal costs approximated \$0.3 million.

TSPC from time to time may sell an undivided fractional ownership interest in the pool of receivables up to approximately \$90.0 million to a third party multi-seller receivables funding company. The net proceeds of sales are less than the face amount of accounts receivable sold by an amount that approximates the purchaser's financing costs, which amounted to a total of \$0.6 million and \$1.1 million, and \$1.3 million and \$1.9 million for the three and six months ended June 30, 2008 and 2007, respectively. Such amounts are included in other, net in the accompanying consolidated statement of operations. As of June 30, 2008 and December 31, 2007, the Company's funding under the facility was approximately \$33.0 million and \$41.5 million, respectively, with an additional \$27.0 million and \$5.0 million, respectively, available but not utilized. When the Company sells receivables under this arrangement, the Company retains a subordinated interest in the receivables sold. The retained interest in receivables sold is included in receivables in the accompanying balance sheet and approximated \$73.0 million and \$34.1 million at June 30, 2008 and December 31, 2007, respectively. The usage fee under the facility is 1.05%. In addition, the Company is required to pay a fee of 0.5% on the unused portion of the facility. This facility expires on February 20, 2009.

The financing costs are determined by calculating the estimated present value of the receivables sold compared to their carrying amount. The estimated present value factor is based on historical collection experience and a discount rate representing a spread over a commercial paper-based rate as prescribed under the terms of the securitization agreement. As of June 30, 2008 and 2007, the financing costs were based on an average liquidation period of the portfolio of approximately 1.3 months and 1.2 months, respectively, and an average discount rate of 2.3% and 3.1%, at June 30, 2008 and 2007, respectively.

In the three and six months ended June 30, 2008 and 2007, the Company sold an undivided interest in approximately \$4.9 million and \$4.1 million, and \$8.9 million and \$8.0 million, respectively, of accounts receivable under a factoring arrangement at three of its European subsidiaries. These transactions were accounted for as a sale and the receivables were sold at a discount from face value approximating 2.1% and 1.9%, and 2.1% and 1.8%, respectively. Costs associated with these transactions were approximately \$0.10 million and \$0.08 million, and \$0.18 million and \$0.14 million, respectively, and are included in other, net in the accompanying consolidated statement of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

8. Inventories

Inventories consist of the following:

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
	(dollars in thousands)	
Finished goods	\$ 109,160	\$ 117,680
Work in process	30,490	28,310
Raw materials	46,550	44,600
Total inventories	<u>\$ 186,200</u>	<u>\$ 190,590</u>

9. Property and Equipment, Net

Property and equipment consists of the following:

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
	(dollars in thousands)	
Land and land improvements	\$ 5,780	\$ 5,430
Buildings	47,540	45,430
Machinery and equipment	289,250	273,410
	<u>342,570</u>	<u>324,270</u>
Less: Accumulated depreciation	144,730	129,150
Property and equipment, net	<u>\$197,840</u>	<u>\$ 195,120</u>

Depreciation expense was \$7.0 million and \$5.7 million, and \$13.8 million and \$11.6 million for each of the three and six months ended June 30, 2008 and 2007, respectively.

10. Long-term Debt

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

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
	(dollars in thousands)	
U.S. bank debt	\$ 255,450	\$ 257,410
Non-U.S. bank debt and other	23,910	21,610
9 ⁷ / ₈ % senior subordinated notes, due June 2012	337,040	336,970
	<u>616,400</u>	<u>615,990</u>
Less: Current maturities, long-term debt	9,900	8,390
Long-term debt	<u>\$ 606,500</u>	<u>\$ 607,600</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

10. Long-term Debt (Continued)**U.S. Bank Debt**

The Company is a party to a credit facility consisting of a \$90.0 million revolving credit facility, a \$60.0 million deposit-linked supplemental revolving credit facility and a \$260.0 million term loan facility (collectively, the "Credit Facility"). Under the Credit Facility, the revolving credit facilities mature on August 2, 2011, while the term loan matures on August 2, 2013 (or February 28, 2012 if the Company's existing senior subordinated notes are still outstanding as of that date). Under the Credit Facility, the Company is also able to issue letters of credit, not to exceed \$65.0 million in aggregate, against its revolving credit facility commitments. At June 30, 2008 and December 31, 2007, the Company had letters of credit of approximately \$33.1 million and \$35.5 million, respectively, issued and outstanding. The weighted average interest rate on borrowings under the Credit Facility was 5.64% and 7.84% at June 30, 2008 and December 31, 2007, respectively.

At June 30, 2008, the Company had no outstanding balance under its revolving credit facility and had \$116.9 million potentially available after giving effect to the \$33.1 million letters of credit issued and outstanding. However, including availability under its accounts receivable facility and after consideration of leverage restrictions contained in the Credit Facility, the Company had approximately \$143.9 million of capacity available to it under its revolving credit facility and receivables securitization for general corporate purposes.

During 2008, the Company entered into an interest rate swap agreement to fix the LIBOR-based variable portion of its interest rate on \$125.0 million notional amount of its term loan facility at 2.73%. The swap extends through October 2009. The Company has designated this swap agreement as a cash flow hedge and accounts for it in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," whereby the effective portion of the hedge gains and losses are deferred in accumulated other comprehensive income (loss) until the hedged transactions occur, at which time the deferred gains or losses are reclassified into earnings to match the change in cost of the transaction. The Company believes the cash flow hedge is "effective" as defined in SFAS No. 133, as changes in the cash flows of the interest rate swap are expected to exactly offset the changes in the cash flows of variable rate debt attributable to fluctuation in the LIBOR rate. The fair value of this swap agreement at June 30, 2008 was approximately \$0.1 million.

The bank debt is an obligation of the Company and its subsidiaries. Although the terms of the Credit Facility do not restrict the Company's subsidiaries from making distributions to it in respect of its 9⁷/₈% senior subordinated notes, it does contain certain other limitations on the distribution of funds from TriMas Company LLC, the principal subsidiary, to the Company. The restricted net assets of the guarantor subsidiaries, of approximately \$559.9 million and \$528.4 million at June 30, 2008 and December 31, 2007, respectively, are presented in the financial information in Note 18, "*Supplemental Guarantor Condensed Consolidating Financial Information*." The Credit Facility also contains various negative and affirmative covenants and other requirements affecting the Company and its subsidiaries, including: restrictions on incurrence of debt, except for permitted acquisitions and subordinated indebtedness, liens, mergers, investments, loans, advances, guarantee obligations, acquisitions, asset dispositions, sale-leaseback transactions greater than \$90.0 million if sold at fair market value, hedging agreements, dividends and other restricted junior payments, stock repurchases, transactions with affiliates, restrictive agreements and amendments to charters, by-laws, and other material documents. The Credit Facility also requires the Company and its subsidiaries to meet certain restrictive financial

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

10. Long-term Debt (Continued)

covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense ratio (consolidated EBITDA, as defined, over cash interest expense, as defined) and a capital expenditures covenant. The Company was in compliance with its covenants at June 30, 2008.

Principal payments required on the Credit Facility term loan are: \$0.7 million due each calendar quarter through June 30, 2013, with \$242.5 million due on August 2, 2013 (which may be changed to February 2012 if the Company's senior subordinated notes are still outstanding at that time).

Non-U.S. bank debt

In Italy, the Company's subsidiary is party to a loan agreement for a term of seven years, at a rate 0.75% above EURIBOR (Euro Interbank Offered Rate), and is secured by land and buildings of the subsidiary. At June 30, 2008, the balance outstanding under this agreement was \$2.7 million at an interest rate of 5.48%. At December 31, 2007, the balance outstanding under this agreement was approximately \$4.0 million at an interest rate of 5.5%.

In Australia, the Company's subsidiary is party to a debt agreement which matures December 31, 2010 and is secured by substantially all the assets of the subsidiary. At June 30, 2008, the balance outstanding under this agreement was \$20.6 million at a weighted average interest rate of 7.38%. At December 31, 2007, the balance outstanding under this agreement was approximately \$17.5 million at an interest rate of approximately 7.1%.

In Mexico, the Company's subsidiary is party to an unsecured loan agreement which matures July 3, 2008. At June 30, 2008, the balance outstanding under this agreement was \$0.5 million at an interest rate of 10.2%. At December 31, 2007, there was no balance outstanding under this agreement.

Notes

During the second quarter of 2007, the Company utilized approximately \$104.9 million of the proceeds from its initial public offering of common stock to retire \$100.0 million of face value 9⁷/₈% senior subordinated notes due 2012 (Notes), paying a \$4.9 million call premium to effect the retirement.

The Notes indenture contains negative and affirmative covenants and other requirements that are comparable to those contained in the Credit Facility. At June 30, 2008, the Company was in compliance with all such covenant requirements.

11. Commitments and Contingencies

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Commitments and Contingencies (Continued)

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

As of June 30, 2008, we were a party to approximately 817 pending cases involving an aggregate of approximately 7,704 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of our subsidiaries for use primarily in the petrochemical refining and exploration industries. The following chart summarizes the number of claimants, number of claims filed, number of claims dismissed, number of claims settled, the average settlement amount per claim and the total defense costs, exclusive of amounts reimbursed under our primary insurance, at the applicable date and for the applicable periods:

	Claims pending at beginning of period	Claims filed during period	Claims dismissed during period	Claims settled during period	Average settlement amount per claim during period	Total defense costs during period
Fiscal year ended December 31, 2007	10,551	619	1,484	142	\$ 9,243	\$ 4,982,000
Six months ended June 30, 2008	9,544	415	2,208	47	\$ 2,509	\$ 2,161,000

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

We may be subjected to significant additional asbestos-related claims in the future, the cost of settling cases in which product identification can be made may increase, and we may be subjected to further claims in respect of the former activities of our acquired gasket distributors. We note that we are unable to make a meaningful statement concerning the monetary claims made in the asbestos cases given that, among other things, claims may be initially made in some jurisdictions without specifying the amount sought or by simply stating the requisite or maximum permissible monetary relief, and may be amended to alter the amount sought. The large majority of claims do not specify the amount sought. Of the 7,704 claims pending at June 30, 2008, 174 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). 141 of the 174 claims sought between \$1.0 million and \$5.0 million in total damages (which includes compensatory and punitive damages), 31 sought between \$5.0 million and \$10.0 million in total damages (which includes compensatory and punitive damages) and two sought over \$10.0 million (which includes compensatory and punitive damages). Solely with respect to compensatory damages, 145 of the 174 claims sought between \$50,000 and \$600,000, 27 sought between \$1.0 million and \$5.0 million and two sought over \$5.0 million. Solely with respect to punitive damages, 142 of the 174 claims sought between \$0 and \$2.5 million, 31 sought between \$2.5 and \$5.0 million and one sought over \$5.0 million. In addition, relatively few of the claims have reached the discovery stage and even fewer claims have gone past the discovery stage.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Commitments and Contingencies (Continued)

Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 20 years ago, have been approximately \$5.2 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 50% of our costs related to settlement and defense of asbestos litigation have been covered by our primary insurance. Effective February 14, 2006, we entered into a coverage-in-place agreement with our first level excess carriers regarding the coverage to be provided to us for asbestos-related claims when the primary insurance is exhausted. The coverage-in-place agreement makes coverage available to us that might otherwise be disputed by the carriers and provides a methodology for the administration of asbestos litigation defense and indemnity payments. The coverage in place agreement allocates payment responsibility among the primary carrier, excess carriers and the Company's subsidiary.

Based on the settlements made to date and the number of claims dismissed or withdrawn for lack of product identification, we believe that the relief sought (when specified) does not bear a reasonable relationship to our potential liability. Based upon our experience to date and other available information (including the availability of excess insurance), we do not believe that these cases will have a material adverse effect on our financial position and results of operations or cash flows.

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

12. Related Parties***Metaldyne Corporation***

In connection with the Company's reorganization in June 2002, TriMas assumed approximately \$37.0 million of liabilities and obligations of Metaldyne Corporation ("Metaldyne"), mainly comprised of contractual obligations to former TriMas employees, tax related matters, benefit plan liabilities and reimbursements to Metaldyne for normal course payments made on TriMas' behalf. The remaining contractual obligations to Metaldyne were approximately \$6.2 million and \$6.0 million at June 30, 2008 and December 31, 2007, respectively, and are classified as accrued liabilities in the accompanying consolidated balance sheet.

On January 11, 2007, Metaldyne merged into a subsidiary of Asahi Tec Corporation ("Asahi") whereby Metaldyne became a wholly-owned subsidiary of Asahi. In connection with the consummation of the merger, Metaldyne dividended the 4,825,587 shares of the Company's common stock that it owned on a pro rata basis to the holders of Metaldyne's common stock at the time of such dividend. As a result of the merger, Metaldyne and the Company are no longer related parties. In addition, as a result of the merger, it has been asserted that Metaldyne may be obligated to accelerate funding and payment of actuarially determined amounts owing to seven former Metaldyne executives under a supplemental executive retirement plan ("SERP"). Under the stock purchase agreement between Metaldyne and Heartland, TriMas is required to reimburse Metaldyne, when billed, for its allocated portion of the amounts due to certain Metaldyne SERP participants, as defined. At June 30, 2008, TriMas has accrued an estimated liability to Metaldyne on its reported balance sheet of approximately \$5.1 million (included in the remaining \$6.2 million of contractual obligations above). However, if Metaldyne is required to accelerate funding of the SERP liability, TriMas may be obligated to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

12. Related Parties (Continued)

reimburse Metaldyne up to approximately \$7.5 million, which could result in future charges to the Company's statement of operations of up to \$2.4 million. The Company is currently reviewing the validity of these assertions.

Heartland Industrial Partners

In connection with the Company's initial public offering of common stock in the second quarter of 2007, the Company paid Heartland \$10.0 million to terminate its existing advisory services agreement. The advisory services had been provided for an annual fee of \$4.0 million plus expenses. Heartland was paid \$1.0 million and \$2.1 million for the three and six months ended June 30, 2007, respectively, for advisory services provided under this agreement prior to its termination. Such amounts are included in selling, general and administrative expenses in the accompanying consolidated statement of operations.

13. Segment Information

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

Packaging Systems—Steel and plastic closure caps, drum enclosures, rings and levers, and dispensing systems for industrial and consumer markets, as well as flame-retardant facings, jacketings and insulation tapes used with fiberglass insulation as vapor barriers in commercial, industrial, and residential construction applications.

Energy Products—Engines and engine replacement parts for the oil and gas industry as well as metallic and non-metallic industrial gaskets and fasteners for the petroleum refining, petrochemical and other industrial markets.

Industrial Specialties—A diverse range of industrial products for use in niche markets within the aerospace, industrial, automotive, defense, and medical equipment markets. Its products include highly engineered specialty fasteners for the aerospace industry, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, specialty fasteners for the automotive industry, spinal and trauma implant products for the medical industry, specialty precision tools such as center drills, cutters, end mills, reamers, master gears, punches, and specialty ordnance components.

RV & Trailer Products—Custom-engineered trailer products including trailer couplers, winches, jacks, trailer brakes and brake control solutions, lighting accessories and roof racks for the recreational vehicle, agricultural/utility, marine, automotive and commercial trailer markets.

Recreational Accessories—Towing products, functional vehicle accessories and cargo management solutions including vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch-mounted accessories, and other accessory components.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

13. Segment Information (Continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(dollars in thousands)			
Net Sales				
Packaging Systems	\$ 57,410	\$ 56,700	\$ 111,980	\$ 110,450
Energy Products	53,160	41,020	101,960	82,600
Industrial Specialties	56,210	52,850	109,680	103,440
RV & Trailer Products	49,730	53,070	100,400	106,480
Recreational Accessories	80,570	84,030	152,620	169,140
Total	\$297,080	\$287,670	\$576,640	\$572,110
Operating Profit				
Packaging Systems	\$ 9,150	\$ 10,820	\$ 18,030	\$ 19,820
Energy Products	8,590	5,660	16,500	12,070
Industrial Specialties	11,480	11,220	22,640	22,440
RV & Trailer Products	2,060	6,010	4,810	12,470
Recreational Accessories	6,490	7,360	9,120	12,500
Corporate expenses and management fees	(7,920)	(20,690)	(13,140)	(26,630)
Total	\$ 29,850	\$ 20,380	\$ 57,960	\$ 52,670
Adjusted EBITDA				
Packaging Systems	\$ 12,780	\$ 14,100	\$ 25,670	\$ 26,390
Energy Products	9,190	6,260	17,820	13,360
Industrial Specialties	12,960	12,350	25,600	24,500
RV & Trailer Products	3,940	7,840	8,470	16,360
Recreational Accessories	8,860	9,680	13,910	17,420
Corporate expenses and management fees	(8,320)	(21,350)	(14,440)	(28,230)
Subtotal from continuing operations	39,410	28,880	77,030	69,800
Discontinued operations	190	1,460	430	1,270
Total company	\$ 39,600	\$ 30,340	\$ 77,460	\$ 71,070

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

13. Segment Information (Continued)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(dollars in thousands)			
Net income (loss)	\$ 9,450	\$ (3,190)	\$17,320	\$ 3,860
Income tax expense (benefit)	5,270	(1,870)	9,750	3,110
Interest expense	13,930	18,340	28,690	37,200
Debt extinguishment costs	—	7,440	—	7,440
Depreciation and amortization	10,950	9,620	21,700	19,460
Adjusted EBITDA, total company	\$39,600	\$30,340	\$77,460	\$71,070
Adjusted EBITDA, discontinued operations	190	1,460	430	1,270
Adjusted EBITDA, continuing operations	\$39,410	\$28,880	\$77,030	\$69,800

14. Equity Awards

2006 Plan

The TriMas Corporation 2006 Long Term Equity Incentive Plan (the "2006 Plan") provides for the issuance of equity-based incentives in various forms for up to an aggregate of 1,200,000 shares of the Company's common stock, of which up to 500,000 shares may be granted as incentive stock options. In general, stock options and stock appreciation rights have a fungible ratio of one-to-one (one granted option/appreciation right counts as one share against the aggregate available to issue), while other forms of equity grants, including restricted shares of common stock, have a fungible ratio of two-to-one. No shares issued under the 2006 Plan were exercisable as of June 30, 2008.

During the second quarter of 2008, the Company granted 381,000 restricted shares of its common stock to certain employees, which vest ratably over three years from date of grant but are contingent upon certain service and performance conditions. Of the 381,000 restricted shares granted, 111,500 shares are subject to a service provision, where the only condition to the share vesting is that the employee remains with the Company for the vesting period. The remaining 269,500 shares granted are subject to both a service provision (same as above) and a performance provision. These shares vest in the same manner as the service provision grants only if the Company attains and/or exceeds a certain EBITDA target for the year ended December 31, 2008.

In September 2007, the Company granted 390,610 restricted shares of its common stock to certain employees, which vest ratably over three years from date of grant but were contingent upon certain service and performance conditions. Of the 390,610 restricted shares granted, 145,750 shares were subject to a service provision, where the only condition to the share vesting was that the employee remained with the Company for the vesting period. The remaining 244,860 shares granted were subject to both a service provision (same as above) and a performance provision, where these shares would vest in the same manner as the service provision-only grants if the Company attained and/or exceeded a certain EBITDA target for the year ended December 31, 2007, or would otherwise be cancelled. The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

14. Equity Awards (Continued)

Company did not meet or exceed this EBITDA target, resulting in the cancellation of 244,860 restricted shares of its common stock.

The Company recognized approximately \$0.6 million and \$0.8 million of stock-based compensation expense related to the 2006 Plan during the three and six months ended June 30, 2008, respectively.

Information related to the 2006 Plan at June 30, 2008 is as follows:

	Number of Unvested Restricted Shares	Weighted Average Grant Date Fair Value	Average Remaining Vesting Period (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2008	142,145	\$ 12.26		
Granted	381,000	6.28		
Exercised	—	—		
Cancelled	(61,971)	8.30		
Outstanding at June 30, 2008	<u>461,174</u>	<u>\$ 7.85</u>	<u>1.6</u>	<u>\$ 2,762,432</u>

As of June 30, 2008, there was approximately \$2.4 million of unrecognized compensation cost related to unvested shares granted under the 2006 Plan.

2002 Plan

The TriMas Corporation 2002 Long Term Equity Incentive Plan (the "2002 Plan"), provides for the issuance of equity-based incentives in various forms, of which a total of 2,022,000 stock options have been approved for issuance under the Plan. As of June 30, 2008, the Company has 1,728,706 stock options outstanding, each of which may be used to purchase one share of the Company's common stock. The options have a 10-year life and the exercise prices range from \$20 to \$23. Eighty percent of the options vest ratably over three years from the date of grant, while the remaining twenty percent vest after seven years from the date of grant or on an accelerated basis over three years based upon achievement of specified performance targets, as defined in the Plan. The options become exercisable upon the later of: (1) the normal vesting schedule as described above, or (2) upon the occurrence of a qualified public equity offering as defined in the Plan, one half of the vested options become exercisable 180 days following such public equity offering (November 14, 2007), and the other one half of vested options become exercisable on the first anniversary following consummation of such public offering (May 14, 2008). As of June 30, 2008, 1,314,256 stock options were exercisable under the 2002 Plan.

The Company accounts for these stock options under SFAS No. 123R, "Share-Based Payment," using the Modified Prospective Application ("MPA") method, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

The Company recognized stock-based compensation expense related to the 2002 Plan of \$0.02 million and \$0.05 million for the three and six months ended June 30, 2008, respectively, and \$0.06 million and \$0.1 million for the three and six months ended June 30, 2007, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

14. Equity Awards (Continued)

accompanying statements of operations. The fair value of options which vested during the three and six months ended June 30, 2008 was \$0.1 million and \$0.4 million, respectively. The fair value of options which vested during the three and six months ended June 30, 2007 was \$0.1 million and \$0.4 million, respectively. As of June 30, 2008, the Company had \$0.1 million of unrecognized compensation cost related to stock options that is expected to be recorded over a weighted average period of 1.2 years.

Information related to stock options at June 30, 2008, is as follows:

	Number of Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2008	2,000,481	\$ 20.89		
Granted	—	—		
Exercised	—	—		
Cancelled	(271,775)	20.55		
Outstanding at June 30, 2008	1,728,706	\$ 20.94	5.1	\$ —

15. Earnings per Share

The Company reports earnings per share in accordance with SFAS No. 128, "Earnings per Share." Basic and diluted earnings per share amounts were computed using weighted average shares outstanding for the three and six months ended June 30, 2008 and 2007, respectively. Diluted earnings per share for the three and six months ended June 30, 2008 included 220,549 shares of restricted stock granted under the 2006 Plan. Options to purchase approximately 1,728,706 and 2,011,268 shares of common stock were outstanding at June 30, 2008 and 2007, respectively, but were excluded from the computation of net income per share because to do so would have been anti-dilutive for the periods presented.

16. Defined Benefit Plans

Net periodic pension and postretirement benefit costs for TriMas' defined benefit pension plans and postretirement benefit plans, covering foreign employees, union hourly employees and certain salaried employees include the following components for the three and six months ended June 30, 2008 and 2007:

	Pension Plans			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(dollars in thousands)			
Service costs	\$ 140	\$ 140	\$ 270	\$ 280
Interest costs	420	410	840	810
Expected return on plan assets	(460)	(490)	(920)	(970)
Amortization of net loss	80	110	160	220
Net periodic benefit cost	\$ 180	\$ 170	\$ 350	\$ 340

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

16. Defined Benefit Plans (Continued)

	Other Postretirement Benefits			
	Three Months Ended		Six Months Ended June 30,	
	June 30,		2008	
	2008	2007	2008	2007
	(dollars in thousands)			
Service costs	\$ 20	\$ 20	\$ 40	\$ 40
Interest costs	100	110	210	210
Gain on settlement of postretirement plan	—	(190)	—	(190)
Amortization of net loss	10	20	20	50
Net periodic benefit cost	<u>\$ 130</u>	<u>\$ (40)</u>	<u>\$ 270</u>	<u>\$ 110</u>

The Company contributed approximately \$0.5 million and \$1.0 million to its defined benefit pension plans during the three and six months ended June 30, 2008, respectively. The Company expects to contribute approximately \$1.9 million to its defined benefit pension plans for the full year 2008.

17. New Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141(R), "Business Combinations," which revises the current accounting practices for business combinations. Significant changes as a result of issuance of SFAS No. 141(R) include a revised definition of a business, expensing of acquisition-related transaction costs, and a change in how acquirers measure consideration, identifiable assets, liabilities assumed and goodwill acquired in a business combination. SFAS No. 141(R) is effective for business combinations occurring in fiscal years beginning after December 15, 2008, and may not be retroactively applied. There is no impact on the Company's current consolidated financial statements as a result of this pronouncement.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. For financial assets and liabilities, this statement is effective for fiscal periods beginning after November 15, 2007 and does not require new fair value measurements. In February 2008, the FASB released Staff Position No. 157-2, which delayed the effective date of SFAS No. 157 to fiscal years ending after November 15, 2008 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the Company's financial statements on a recurring basis (at least annually), which was effective for the Company effective January 1, 2008. The adoption of SFAS No. 157 did not have a material effect on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115," which permits entities to choose to measure certain financial instruments and other items at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, including interim periods within that fiscal year. The Company did not elect the fair value option for any of its existing financial instruments as of June 30, 2008 and the Company has made no determination whether or not it will elect this option for financial instruments it may acquire in the future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

17. New Accounting Pronouncements (Continued)

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," which establishes requirements for identification, presentation and disclosure of noncontrolling interests, and requires accounting for such non-controlling interests as a separate component of shareholder's equity. SFAS No. 160 is effective prospectively for fiscal years beginning after December 15, 2008. However, the presentation and disclosure requirements are required to be retrospectively applied to comparative financial statements. There is no impact on the Company's current consolidated financial statements as a result of this pronouncement.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133." SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 to provide users of financial statements with an enhanced understanding of derivative instruments, how they are accounted for and their impact on a company's financial position and performance. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company is currently assessing the impact of the adoption of SFAS No. 161 on its consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles," which is intended to improve financial reporting by identifying a consistent hierarchy for selecting accounting principles to be used in preparing financial statements that are prepared in conformance with generally accepted accounting principles. The statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with GAAP." There is no impact on the Company's current consolidated financial statements as a result of this pronouncement.

18. Supplemental Guarantor Condensed Consolidating Financial Information

Under an indenture dated September 6, 2002, TriMas Corporation ("Parent"), issued 9⁷/₈% senior subordinated notes due 2012 in a total principal amount of \$437.8 million (face value), of which \$100.0 million was subsequently retired in the second quarter of 2007 in connection with the Company's initial public offering. The remaining outstanding Notes are guaranteed by substantially all of the Company's domestic subsidiaries ("Guarantor Subsidiaries"). All of the Guarantor Subsidiaries are 100% owned by the Parent and their guarantee is full, unconditional, joint and several. The Company's non-domestic subsidiaries and TSPC, Inc. have not guaranteed the Notes ("Non-Guarantor Subsidiaries"). The Guarantor Subsidiaries have also guaranteed amounts outstanding under the Company's Credit Facility.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	June 30, 2008				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	\$ —	\$ 1,920	\$ 4,940	\$ —	\$ 6,860
Trade receivables, net	—	98,100	29,370	—	127,470
Receivables, intercompany	—	—	320	(320)	—
Inventories, net	—	156,640	29,560	—	186,200
Deferred income taxes	—	18,010	850	—	18,860
Prepaid expenses and other current assets	—	4,820	1,460	—	6,280
Assets of discontinued operations held for sale	—	2,760	—	—	2,760
Total current assets	—	282,250	66,500	(320)	348,430
Investments in subsidiaries	559,920	152,530	—	(712,450)	—
Property and equipment, net	—	140,290	57,550	—	197,840
Goodwill	—	295,460	88,810	—	384,270
Intangibles and other assets	12,080	222,240	6,380	(6,130)	234,570
Total assets	<u>\$ 572,000</u>	<u>\$ 1,092,770</u>	<u>\$ 219,240</u>	<u>\$ (718,900)</u>	<u>\$ 1,165,110</u>
Liabilities and Shareholders' Equity					
Current liabilities:					
Current maturities, long-term debt	\$ —	\$ 2,630	\$ 7,270	\$ —	\$ 9,900
Accounts payable, trade	—	116,910	23,530	—	140,440
Accounts payable, intercompany	—	320	—	(320)	—
Accrued liabilities	1,390	52,740	9,820	—	63,950
Liabilities of discontinued operations	—	1,170	—	—	1,170
Total current liabilities	1,390	173,770	40,620	(320)	215,460
Long-term debt	337,040	252,890	16,570	—	606,500
Deferred income taxes	—	72,190	7,890	(6,130)	73,950
Other long-term liabilities	—	34,000	1,630	—	35,630
Total liabilities	338,430	532,850	66,710	(6,450)	931,540
Total shareholders' equity	233,570	559,920	152,530	(712,450)	233,570
Total liabilities and shareholders' equity	<u>\$ 572,000</u>	<u>\$ 1,092,770</u>	<u>\$ 219,240</u>	<u>\$ (718,900)</u>	<u>\$ 1,165,110</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	December 31, 2007				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	\$ —	\$ 550	\$ 4,250	\$ —	\$ 4,800
Trade receivables, net	—	69,760	19,610	—	89,370
Receivables, intercompany	—	—	1,700	(1,700)	—
Inventories, net	—	162,800	27,790	—	190,590
Deferred income taxes	—	17,960	900	—	18,860
Prepaid expenses and other current assets	—	5,870	1,140	—	7,010
Assets of discontinued operations held for sale	—	3,330	—	—	3,330
Total current assets	—	260,270	55,390	(1,700)	313,960
Investments in subsidiaries	528,420	139,880	—	(668,300)	—
Property and equipment, net	—	139,580	55,540	—	195,120
Goodwill	—	291,990	85,350	—	377,340
Intangibles and other assets	18,430	230,430	4,430	(11,720)	241,570
Total assets	<u>\$ 546,850</u>	<u>\$ 1,062,150</u>	<u>\$ 200,710</u>	<u>\$ (681,720)</u>	<u>\$ 1,127,990</u>
Liabilities and Shareholders' Equity					
Current liabilities:					
Current maturities, long-term debt	\$ —	\$ 3,300	\$ 5,090	\$ —	\$ 8,390
Accounts payable, trade	—	102,920	18,940	—	121,860
Accounts payable, intercompany	—	1,700	—	(1,700)	—
Accrued liabilities	1,390	58,820	11,620	—	71,830
Liabilities of discontinued operations	—	1,450	—	—	1,450
Total current liabilities	1,390	168,190	35,650	(1,700)	203,530
Long-term debt	336,970	254,210	16,420	—	607,600
Deferred income taxes	—	77,890	7,110	(11,720)	73,280
Other long-term liabilities	—	33,440	1,650	—	35,090
Total liabilities	338,360	533,730	60,830	(13,420)	919,500
Total shareholders' equity	208,490	528,420	139,880	(668,300)	208,490
Total liabilities and shareholders' equity	<u>\$ 546,850</u>	<u>\$ 1,062,150</u>	<u>\$ 200,710</u>	<u>\$ (681,720)</u>	<u>\$ 1,127,990</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	Three Months Ended June 30, 2008					Total
	Parent	Guarantor	Non- Guarantor	Eliminations		
Net sales	\$ —	\$ 239,730	\$ 71,330	\$(13,980)	\$ 297,080	
Cost of sales	—	(175,130)	(57,180)	13,980	(218,330)	
Gross profit	—	64,600	14,150	—	78,750	
Selling, general and administrative expenses	—	(42,890)	(5,900)	—	(48,790)	
Gain (loss) on dispositions of property and equipment	—	(140)	30	—	(110)	
Operating profit	—	21,570	8,280	—	29,850	
Other income (expense), net:						
Interest expense	(8,780)	(4,650)	(450)	—	(13,880)	
Other, net	—	1,000	(2,340)	—	(1,340)	
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	(8,780)	17,920	5,490	—	14,630	
Income tax (expense) benefit	3,060	(6,620)	(1,690)	—	(5,250)	
Equity in net income (loss) of subsidiaries	15,170	3,800	—	(18,970)	—	
Income (loss) from continuing operations	9,450	15,100	3,800	(18,970)	9,380	
Income from discontinued operations	—	70	—	—	70	
Net income (loss)	\$ 9,450	\$ 15,170	\$ 3,800	\$(18,970)	\$ 9,450	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	Three Months Ended June 30, 2007					Total
	Parent	Guarantor	Non- Guarantor	Eliminations	Total	
Net sales	\$ —	\$ 238,700	\$ 64,100	\$(15,130)	\$ 287,670	
Cost of sales	—	(170,840)	(52,310)	15,130	(208,020)	
Gross profit	—	67,860	11,790	—	79,650	
Selling, general and administrative expenses	—	(39,200)	(6,120)	—	(45,320)	
Advisory services agreement termination fee	—	(10,000)	—	—	(10,000)	
Costs for early termination of operating leases	—	(4,230)	—	—	(4,230)	
Gain on dispositions of property and equipment	—	270	10	—	280	
Operating profit	—	14,700	5,680	—	20,380	
Other income (expense), net:						
Interest expense	(10,680)	(6,850)	(810)	—	(18,340)	
Debt extinguishment costs	(7,440)	—	—	—	(7,440)	
Other, net	(410)	190	(840)	—	(1,060)	
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	(18,530)	8,040	4,030	—	(6,460)	
Income tax (expense) benefit	7,070	(3,060)	(1,610)	—	2,400	
Equity in net income (loss) of subsidiaries	8,270	2,420	—	(10,690)	—	
Income (loss) from continuing operations	(3,190)	7,400	2,420	(10,690)	(4,060)	
Income from discontinued operations	—	870	—	—	870	
Net income (loss)	\$ (3,190)	\$ 8,270	\$ 2,420	\$(10,690)	\$ (3,190)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	Six Months Ended June 30, 2008				
	Parent	Guarantor	Non- Guarantor	Eliminations	Total
Net sales	\$ —	\$ 471,420	\$ 131,220	\$(26,000)	\$ 576,640
Cost of sales	—	(347,150)	(103,400)	26,000	(424,550)
Gross profit	—	124,270	27,820	—	152,090
Selling, general and administrative expenses	—	(81,920)	(11,990)	—	(93,910)
Gain (loss) on dispositions of property and equipment	—	(310)	90	—	(220)
Operating profit	—	42,040	15,920	—	57,960
Other income (expense), net:					
Interest expense	(17,530)	(10,170)	(890)	—	(28,590)
Other, net	—	1,630	(4,160)	—	(2,530)
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	(17,530)	33,500	10,870	—	26,840
Income tax (expense) benefit	6,130	(12,390)	(3,410)	—	(9,670)
Equity in net income (loss) of subsidiaries	28,720	7,460	—	(36,180)	—
Income (loss) from continuing operations	17,320	28,570	7,460	(36,180)	17,170
Income from discontinued operations	—	150	—	—	150
Net income (loss)	\$ 17,320	\$ 28,720	\$ 7,460	\$(36,180)	\$ 17,320

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

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

	Six Months Ended June 30, 2007					
	Parent	Guarantor	Non- Guarantor	Eliminations	Total	
Net sales	\$ —	\$ 478,550	\$ 124,800	\$(31,240)	\$ 572,110	
Cost of sales	—	(343,370)	(102,330)	31,240	(414,460)	
Gross profit	—	135,180	22,470	—	157,650	
Selling, general and administrative expenses	—	(79,300)	(11,560)	—	(90,860)	
Advisory services agreement termination fee	—	(10,000)	—	—	(10,000)	
Costs for early termination of operating leases	—	(4,230)	—	—	(4,230)	
Gain (loss) on dispositions of property and equipment	—	130	(20)	—	110	
Operating profit	—	41,780	10,890	—	52,670	
Other income (expense), net:						
Interest expense	(21,570)	(13,970)	(1,660)	—	(37,200)	
Debt extinguishment costs	(7,440)	—	—	—	(7,440)	
Other, net	3,910	(5,290)	(840)	—	(2,220)	
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	(25,100)	22,520	8,390	—	5,810	
Income tax (expense) benefit	8,870	(8,070)	(2,920)	—	(2,120)	
Equity in net income (loss) of subsidiaries	20,090	5,470	—	(25,560)	—	
Income (loss) from continuing operations	3,860	19,920	5,470	(25,560)	3,690	
Income from discontinued operations	—	170	—	—	170	
Net income (loss)	\$ 3,860	\$ 20,090	\$ 5,470	\$(25,560)	\$ 3,860	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

**Supplemental Guarantor
Condensed Financial Statements
Consolidating Statement of Cash Flows
(dollars in thousands)**

	Six Months Ended June 30, 2008				
	Parent	Guarantor	Non- Guarantor	Eliminations	Total
Cash Flows from Operating Activities:					
Net cash provided by (used for) operating activities	\$(16,680)	\$ 32,200	\$ 7,740	\$ —	\$ 23,260
Cash Flows from Investing Activities:					
Capital expenditures	—	(10,600)	(2,930)	—	(13,530)
Acquisition of businesses, net of cash acquired	—	(3,460)	(2,730)	—	(6,190)
Net proceeds from disposition of businesses and other assets	—	200	140	—	340
Net cash used for investing activities	—	(13,860)	(5,520)	—	(19,380)
Cash Flows from Financing Activities:					
Repayments of borrowings on senior credit facilities	—	(1,300)	(1,630)	—	(2,930)
Proceeds from borrowings on term loan facilities	—	—	490	—	490
Proceeds from borrowings on revolving credit facilities	—	263,110	6,090	—	269,200
Repayments of borrowings on revolving credit facilities	—	(263,800)	(4,780)	—	(268,580)
Intercompany transfers to (from) subsidiaries	16,680	(14,980)	(1,700)	—	—
Net cash provided by (used for) financing activities	16,680	(16,970)	(1,530)	—	(1,820)
Cash and Cash Equivalents:					
Increase for the period	—	1,370	690	—	2,060
At beginning of period	—	550	4,250	—	4,800
At end of period	\$ —	\$ 1,920	\$ 4,940	\$ —	\$ 6,860

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

18. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

**Supplemental Guarantor
Condensed Financial Statements
Consolidating Statement of Cash Flows
(dollars in thousands)**

	Six Months Ended June 30, 2007				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Cash Flows from Operating Activities:					
Net cash provided by (used for) operating activities	\$ (21,890)	\$ 44,570	\$ 3,260	\$ —	\$ 25,940
Cash Flows from Investing Activities:					
Capital expenditures	—	(10,880)	(3,980)	—	(14,860)
Acquisition of leased assets	—	(29,960)	—	—	(29,960)
Net proceeds from disposition of businesses and other assets	—	5,850	—	—	5,850
Net cash used for investing activities	—	(34,990)	(3,980)	—	(38,970)
Cash Flows from Financing Activities:					
Proceeds from sale of common stock in connection with the Company's initial public offering, net of issuance costs	126,460	—	—	—	126,460
Repayments of borrowings on senior credit facilities	—	(1,300)	(430)	—	(1,730)
Proceeds from borrowings on revolving credit facilities	—	243,510	4,860	—	248,370
Repayments of borrowings on revolving credit facilities	—	(254,300)	(6,650)	—	(260,950)
Retirement of senior subordinated notes	(100,000)	—	—	—	(100,000)
Intercompany transfers to (from) subsidiaries	(4,570)	2,300	2,270	—	—
Net cash provided by (used for) financing activities	21,890	(9,790)	50	—	12,150
Cash and Cash Equivalents:					
Decrease for the period	—	(210)	(670)	—	(880)
At beginning of period	—	460	3,140	—	3,600
At end of period	\$ —	\$ 250	\$ 2,470	\$ —	\$ 2,720

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

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

Introduction

We are an industrial manufacturer of highly engineered products serving niche markets in a diverse range of commercial, industrial and consumer applications. We currently have five operating segments: Packaging Systems, Energy Products, Industrial Specialties, RV & Trailer Products and Recreational Accessories. In reviewing our financial results, consideration should be given to certain critical events, particularly our initial public offering ("IPO") in May 2007 and expenses related thereto, and previous consolidation, integration and restructuring efforts in several of our business operations.

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

Our businesses and results of operations depend upon general economic conditions and we serve some customers in highly cyclical industries that are highly competitive and themselves adversely impacted by unfavorable economic conditions. There is some seasonality in the businesses of our Recreational Accessories and RV & Trailer Products operating segments as well. Sales of towing and trailering products within these operating segments are generally stronger in the second and third quarters, as trailer original equipment manufacturers (OEMs), distributors and retailers acquire product for the spring and summer selling seasons. No other operating segment experiences significant seasonal fluctuation in its business. We do not consider sales order backlog to be a material factor in our business. A growing portion of our sales may be derived from international sources, which exposes us to certain risks, including currency risks. The demand for some of our products, particularly in the Recreational Accessories and RV & Trailer Products segments, is influenced by consumer confidence, which could be negatively impacted by increased costs to consumers as a result of an uncertain credit market and interest rate environment and energy costs, among other things.

We are sensitive to price movements in our raw materials supply base. Our largest material purchases are for steel, copper, aluminum, polyethylene and other resins and energy. Historically, we have experienced increasing costs of steel and resin and have worked with our suppliers to manage cost pressures and disruptions in supply. More recently, we have also experienced increasing costs for freight and products sourced to lower-cost countries. We have initiated pricing programs to pass increased steel, copper, aluminum, resin and foreign-sourced costs to customers. Although we may experience delays in our ability to implement price increases, we generally are able to recover such increased costs. Although there have been no significant disruptions in the supply of steel since 2005, we may

experience disruptions in supply in the future and we may not be able to pass along higher costs associated with such disruptions to our customers in the form of price increases. We will continue to take actions as necessary to manage risks associated with increasing steel, other raw material, and foreign-sourced costs. However, such increased costs may adversely impact our earnings.

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

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

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

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

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

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

- although depreciation, amortization and asset impairment charges and write-offs are non-cash charges, the assets being depreciated, amortized or written off may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- it does not reflect certain tax payments that may represent a reduction in cash available to us;
- it includes amounts resulting from matters we consider not to be indicative of underlying performance of our fundamental business operations, as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and;
- other companies, including companies in our industry, may calculate these measures differently and as the number of differences in the way two different companies calculate these measures increases, the degree of their usefulness as a comparative measure correspondingly decreases.

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

The following is a reconciliation of our net income to Adjusted EBITDA and cash flows from operating activities for the three and six months ended June 30, 2008 and 2007:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(dollars in thousands)			
Net income	\$ 9,450	\$ (3,190)	\$ 17,320	\$ 3,860
Income tax expense	5,270	(1,870)	9,750	3,110
Interest expense	13,930	18,340	28,690	37,200
Debt extinguishment costs	—	7,440	—	7,440
Depreciation and amortization	10,950	9,620	21,700	19,460
Adjusted EBITDA, total company	\$ 39,600	\$ 30,340	\$ 77,460	\$ 71,070
Interest paid	(21,170)	(27,880)	(27,100)	(34,510)
Taxes paid	(2,940)	(2,750)	(5,330)	(5,010)
(Gain) loss on dispositions of property and equipment	(20)	(310)	90	70
Receivables sales and securitization, net	(22,460)	4,580	(3,630)	33,330
Net change in working capital	20,560	(4,980)	(18,230)	(39,010)
Cash flows provided by (used for) operating activities	\$ 13,570	\$ (1,000)	\$ 23,260	\$ 25,940

The following details certain items relating to our consolidation, restructuring and integration efforts and the costs and expenses incurred in connection with our initial public offering and use of proceeds therefrom that are included in the determination of net income under GAAP and are not added back to net income in determining Adjusted EBITDA, but that we would consider in evaluating the quality of our Adjusted EBITDA:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(dollars in thousands)		(dollars in thousands)	
Facility and business consolidation costs(a)	\$ —	\$ 260	\$ 720	\$ 370
Business unit restructuring costs(b)	2,260	—	2,260	—
Advisory services agreement termination fee(c)	—	10,000	—	10,000
Costs for early termination of operating leases(d)	—	4,230	—	4,230
	<u>\$ 2,260</u>	<u>\$14,490</u>	<u>\$ 2,980</u>	<u>\$14,600</u>

-
- (a) Includes employee training, severance and relocation costs, equipment move and plant rearrangement costs associated with facility and business consolidations.
- (b) Includes principally employee severance costs associated with business unit restructuring and other cost reduction activities.
- (c) Expense associated with the termination of our advisory services agreement with Heartland.
- (d) Costs associated with the early termination of operating leases and purchase of underlying machinery and equipment assets.

Segment Information and Supplemental Analysis

The following table summarizes financial information of continuing operations for our five business segments for the three months ended June 30, 2008 and 2007:

	Three Months Ended June 30,			
	2008	As a Percentage of Net Sales	2007	As a Percentage of Net Sales
(dollars in thousands)				
Net Sales:				
Packaging Systems	\$ 57,410	19.3%	\$ 56,700	19.7%
Energy Products	53,160	17.9%	41,020	14.3%
Industrial Specialties	56,210	18.9%	52,850	18.4%
RV & Trailer Products	49,730	16.8%	53,070	18.4%
Recreational Accessories	80,570	27.1%	84,030	29.2%
Total	\$ 297,080	100.0%	\$ 287,670	100.0%
Gross Profit:				
Packaging Systems	\$ 16,910	29.5%	\$ 17,450	30.8%
Energy Products	15,500	29.2%	11,790	28.7%
Industrial Specialties	16,520	29.4%	15,590	29.5%
RV & Trailer Products	8,320	16.7%	12,010	22.6%
Recreational Accessories	21,500	26.7%	22,810	27.1%
Total	\$ 78,750	26.5%	\$ 79,650	27.7%
Selling, General and Administrative:				
Packaging Systems	\$ 7,800	13.6%	\$ 6,950	12.3%
Energy Products	6,920	13.0%	6,120	14.9%
Industrial Specialties	4,960	8.8%	4,370	8.3%
RV & Trailer Products	6,180	12.4%	5,980	11.3%
Recreational Accessories	15,010	18.6%	15,430	18.4%
Corporate expenses and management fees	7,920	N/A	6,470	N/A
Total	\$ 48,790	16.4%	\$ 45,320	15.8%
Operating Profit:				
Packaging Systems	\$ 9,150	15.9%	\$ 10,820	19.1%
Energy Products	8,590	16.2%	5,660	13.8%
Industrial Specialties	11,480	20.4%	11,220	21.2%
RV & Trailer Products	2,060	4.1%	6,010	11.3%
Recreational Accessories	6,490	8.1%	7,360	8.8%
Corporate expenses and management fees	(7,920)	N/A	(20,690)	N/A
Total	\$ 29,850	10.0%	\$ 20,380	7.1%
Adjusted EBITDA:				
Packaging Systems	\$ 12,780	22.3%	\$ 14,100	24.9%
Energy Products	9,190	17.3%	6,260	15.3%
Industrial Specialties	12,960	23.1%	12,350	23.4%
RV & Trailer Products	3,940	7.9%	7,840	14.8%
Recreational Accessories	8,860	11.0%	9,680	11.5%
Corporate expenses and management fees	(8,320)	N/A	(21,350)	N/A
Subtotal from continuing operations	39,410	13.3%	28,880	10.0%
Discontinued operations	190	N/A	1,460	N/A
Total company	\$ 39,600	13.3%	\$ 30,340	10.5%

The following table summarizes financial information of continuing operations for our five business segments for the six months ended June 30, 2008 and 2007:

	Six Months Ended June 30,			
	2008	As a Percentage of Net Sales	2007	As a Percentage of Net Sales
(dollars in thousands)				
Net Sales:				
Packaging Systems	\$ 111,980	19.4%	\$ 110,450	19.3%
Energy Products	101,960	17.7%	82,600	14.4%
Industrial Specialties	109,680	19.0%	103,440	18.1%
RV & Trailer Products	100,400	17.4%	106,480	18.6%
Recreational Accessories	152,620	26.5%	169,140	29.6%
Total	\$ 576,640	100.0%	\$ 572,110	100.0%
Gross Profit:				
Packaging Systems	\$ 32,840	29.3%	\$ 33,690	30.5%
Energy Products	30,030	29.5%	24,410	29.6%
Industrial Specialties	32,360	29.5%	31,040	30.0%
RV & Trailer Products	17,390	17.3%	24,520	23.0%
Recreational Accessories	39,470	25.9%	43,990	26.0%
Total	\$ 152,090	26.4%	\$ 157,650	27.6%
Selling, General and Administrative:				
Packaging Systems	\$ 14,880	13.3%	\$ 14,070	12.7%
Energy Products	13,530	13.3%	12,320	14.9%
Industrial Specialties	9,630	8.8%	8,590	8.3%
RV & Trailer Products	12,480	12.4%	11,980	11.3%
Recreational Accessories	30,250	19.8%	31,490	18.6%
Corporate expenses and management fees	13,140	N/A	12,410	N/A
Total	\$ 93,910	16.3%	\$ 90,860	15.9%
Operating Profit:				
Packaging Systems	\$ 18,030	16.1%	\$ 19,820	17.9%
Energy Products	16,500	16.2%	12,070	14.6%
Industrial Specialties	22,640	20.6%	22,440	21.7%
RV & Trailer Products	4,810	4.8%	12,470	11.7%
Recreational Accessories	9,120	6.0%	12,500	7.4%
Corporate expenses and management fees	(13,140)	N/A	(26,630)	N/A
Total	\$ 57,960	10.1%	\$ 52,670	9.2%
Adjusted EBITDA:				
Packaging Systems	\$ 25,670	22.9%	\$ 26,390	23.9%
Energy Products	17,820	17.5%	13,360	16.2%
Industrial Specialties	25,600	23.3%	24,500	23.7%
RV & Trailer Products	8,470	8.4%	16,360	15.4%
Recreational Accessories	13,910	9.1%	17,420	10.3%
Corporate expenses and management fees	(14,440)	N/A	(28,230)	N/A
Subtotal from continuing operations	77,030	13.4%	69,800	12.2%
Discontinued operations	430	N/A	1,270	N/A
Total company	\$ 77,460	13.4%	\$ 71,070	12.4%

Results of Operations

The principal factors impacting us during the three and six months ended June 30, 2008 compared with the three and six months ended June 30, 2007, were:

- strong demand in certain industrial sectors, most notably energy and aerospace, impacting our specialty gasket and engine businesses in the Energy Products operating segment and the aerospace fastener business in our Industrial Specialties operating segment;
- continued declines in end-market demand across most market channels in our Recreational Accessories and RV & Trailer Products operating segments as a result of reduced consumer discretionary spending due to unfavorable economic conditions including higher fuel prices, uncertain credit market and interest rate environment and diminished consumer confidence;
- inflationary increases in raw material prices, most notably for steel and resin, and increases in costs and freight related to foreign-sourced products, which began to impact our businesses in the second quarter of 2008, and for which we are pursuing recovery from our customers via sales price increases or surcharges;
- declines in the value of the U.S. dollar as compared to the currencies in countries where we operate; and
- completion of our initial public offering of our common stock in May 2007, the use of proceeds therefrom to retire \$100.0 million face value of senior subordinated notes, to effect early termination of operating leases and acquire underlying machinery and equipment assets and to terminate an advisory services agreement, and the related cost savings from such retirements/terminations;

Three Months Ended June 30, 2008 Compared with Three Months Ended June 30, 2007

Overall, net sales increased \$9.4 million, or approximately 3.3%, for the three months ended June 30, 2008 as compared with the three months ended June 30, 2007. Of this increase, approximately \$4.1 million was due to currency exchange, as our reported results in U.S. dollars were positively impacted by stronger foreign currencies. Packaging Systems' net sales increased \$0.7 million, or approximately 1.3%, primarily as a result of increases in sales of our closure and specialty dispensing products, which were partially offset by decreases in our laminate and insulation product sales. Net sales within Energy Products increased \$12.2 million, or approximately 29.6%, as our specialty gasket business benefited from continued high levels of activity at petroleum refineries and petrochemical facilities and our engine business benefited from increased engine orders to complete previously drilled wells. Net sales within Industrial Specialties increased \$3.4 million, or approximately 6.4%, due primarily to continued strong demand in our aerospace fastener, industrial cylinder and defense businesses, which was partially offset by declines in sales of our specialty fittings business. Net sales within RV & Trailer Products decreased \$3.4 million, or approximately 6.3%, primarily due to reduced sales in our electrical and trailer products businesses due to continued weak end-market demand and the uncertain economic conditions in North America, which were partially offset by increased sales in our Australian business. Recreational Accessories' net sales decreased \$3.4 million, or 4.1%, primarily as a result of lower sales in our retail business, partially offset by increases in new product sales in our towing products business.

Gross profit margin (gross profit as a percentage of sales) approximated 26.5% and 27.7% for the three months ended June 30, 2008 and 2007, respectively. Packaging Systems' gross profit margin decreased to 29.5% for the three months ended June 30, 2008, from 30.8% for the three months ended June 30, 2007, due primarily to lower absorption of fixed costs associated with the decrease in laminate and insulation product sales and due to increased steel and resin costs. Energy Products' gross profit margin increased to 29.2% for the three months ended June 30, 2008, from 28.7% for the three months

ended June 30, 2007, due to improved operating leverage resulting from the increased demand for specialty gasket and engine products. Gross profit margin within Industrial Specialties remained relatively flat at 29.4% for the three months ended June 30, 2008, compared to 29.5% in the three months ended June 30, 2007, as operating leverage gained in our aerospace business primarily offset a decrease in margin resulting from lower absorption of fixed costs in our specialty fittings business. RV & Trailer Products' gross profit margin decreased to 16.7% for the three months ended June 30, 2008, from 22.6% for the three months ended June 30, 2007, due to a less favorable product sales mix and lower absorption of fixed costs resulting from reduced production volumes to manage inventories to the lower demand levels. Recreational Accessories' gross profit margin decreased to 26.7% for the three months ended June 30, 2008, from 27.1% for the three months ended June 30, 2007, due primarily to lower sales volumes, which were partially offset by the cost savings realized as a result of the closure of the Huntsville, Ontario, Canada facility in the fourth quarter of 2007.

Operating profit margin (operating profit as a percentage of sales) approximated 10.0% and 7.1% for the three months ended June 30, 2008 and 2007, respectively. Operating profit increased \$9.4 million, or 46.5%, to \$29.8 million for the quarter ended June 30, 2008, from \$20.4 million for the quarter ended June 30, 2007, primarily due to the impact of the use of IPO proceeds in the second quarter of 2007, including payment of a \$10.0 million fee to Heartland for agreeing to a contractual settlement of its right to receive a \$4.0 million annual fee under its advisory services agreement and \$4.2 million of costs and expenses related to the early termination of operating leases. Packaging Systems' operating profit margin was 15.9% and 19.1% in the three months ended June 30, 2008 and 2007, respectively. Operating profit decreased \$1.7 million, or approximately 15.4%, for the three months ended June 30, 2008, as compared with the three months ended June 30, 2007, due to lower sales volumes of our laminate and insulation products, reduced absorption of fixed costs and higher raw material costs including resin, adhesives and foil. Energy Products' operating profit margin was 16.2% and 13.8% for the three months ended June 30, 2008 and 2007, respectively. Operating profit increased \$2.9 million, or approximately 51.8%, for the three months ended June 30, 2008, as compared with the three months ended June 30, 2007, due primarily to increased sales volumes in our specialty gasket and engine businesses, which were partially offset by severance and other costs incurred in connection with the separation of the former Group President of this segment. Industrial Specialties' operating profit margin was 20.4% and 21.2% for the three months ended June 30, 2008 and 2007, respectively. Operating profit increased \$0.3 million, or approximately 2.3%, for the three months ended June 30, 2008 as compared with the three months ended June 30, 2007, due primarily to higher sales volumes, which were partially offset by lower absorption of fixed costs in our specialty fittings business and severance and other costs incurred in connection with the separation of the former Group President of this segment. RV & Trailer Products' operating profit margin declined to 4.1% for the quarter ended June 30, 2008, from 11.3% for the quarter ended June 30, 2007. Operating profit decreased \$3.9 million in the three months ended June 30, 2008, as compared with the three months ended June 30, 2007, due primarily to the sales volume decline, lower absorption of fixed costs between years in our electrical and trailering products businesses and a less favorable product sales mix, which were partially offset by increased sales levels in our Australian business. Recreational Accessories' operating profit margin was 8.1% and 8.8% in the three months ended June 30, 2008 and 2007, respectively. Operating profit decreased \$0.9 million in the three months ended June 30, 2008, compared with the three months ended June 30, 2007, primarily due to declines in sales volumes, which were partially offset by cost savings from the Huntsville facility closure in the fourth quarter of 2007 and lower costs associated with reducing our towing products distribution network.

Adjusted EBITDA margin (Adjusted EBITDA as a percentage of sales) approximated 13.3% and 10.0% for the three months ended June 30, 2008 and 2007, respectively. Adjusted EBITDA increased \$10.5 million for the three months ended June 30, 2008, as compared to the three months ended June 30, 2007. The increase in Adjusted EBITDA is consistent with the change in operating profit between years after consideration of higher net foreign currency transaction losses of \$0.6 million in the

second quarter of 2008 as compared to the second quarter of 2007, which were offset by approximately \$1.4 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our IPO in May 2007 and \$0.3 million of lower costs associated with our accounts receivable securitization facility in the second quarter of 2008 as compared to the second quarter of 2007.

Packaging Systems. Net sales increased \$0.7 million, or approximately 1.3%, to \$57.4 million in the three months ended June 30, 2008, as compared to \$56.7 million in the three months ended June 30, 2007. Overall, sales increased approximately \$1.6 million due to currency exchange, as our reported results in U.S. dollars were positively impacted as a result of stronger foreign currencies. In addition, sales of our specialty dispensing products increased approximately \$0.3 million and sales of our industrial closures, rings and levers increased approximately \$1.3 million in the three months ended June 30, 2008 as compared to the three months ended June 30, 2007. These increases in sales were partially offset by decreases in sales of our laminates and insulation products of approximately \$2.5 million as a result of lower levels of commercial construction activity.

Packaging Systems' gross profit decreased approximately \$0.5 million to \$16.9 million, or 29.5% of sales, in the three months ended June 30, 2008, as compared to \$17.4 million, or 30.8% of sales, in the three months ended June 30, 2007. The decrease in gross profit between years is primarily attributed to lower sales volumes in our laminates and insulation products and increased steel and resin costs. These decreases in gross profit were partially offset by favorable currency exchange.

Packaging Systems' selling, general and administrative expenses increased approximately \$0.8 million to \$7.8 million, or 13.6% for the three months ended June 30, 2008, as compared to \$7.0 million or 12.3% of sales, in the three months ended June 30, 2007. The increase is attributable to compensation and other related expenses incurred to support sales growth initiatives.

Packaging Systems' operating profit decreased \$1.7 million to \$9.1 million, or 15.9% of sales, in the three months ended June 30, 2008, as compared to \$10.8 million, or 19.1% of sales, in three months ended June 30, 2007, as increased sales of industrial closures, rings and levers and the favorable impact of currency exchange were more than offset by the lower sales volumes in our laminates and insulation products, increases in raw material costs and the expenses incurred to support sales growth initiatives.

Packaging Systems' Adjusted EBITDA decreased \$1.3 million to \$12.8 million, or 22.3% of sales, in the three months ended June 30, 2008, as compared to \$14.1 million, or 24.9% of sales, in the three months ended June 30, 2007. The decrease in Adjusted EBITDA is consistent with the change in operating profit between years after consideration of increased foreign currency transaction losses of \$0.2 million in the second quarter of 2008 as compared to the second quarter of 2007, which were offset by approximately \$0.7 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our IPO in May 2007.

Energy Products. Net sales for the three months ended June 30, 2008 increased \$12.2 million, or 29.6%, to \$53.2 million, as compared to \$41.0 million in the three months ended June 30, 2007. Sales of specialty gaskets and related fastening hardware increased approximately \$3.3 million as a result of increased demand from existing customers due to continued high levels of turn-around activity at petrochemical refineries and increased demand for replacement parts as refineries continue to operate at capacity. Sales of slow speed engines and compressors and related products increased approximately \$8.9 million, primarily due to increased demand for single cylinder engines in both the U.S. and Canadian markets, driven by completion of previously drilled wells and strong demand for new engine builds in advance of emissions law changes which became effective on July 1, 2008.

Gross profit within Energy Products increased \$3.7 million to \$15.5 million, or 29.2% of sales, in the three months ended June 30, 2008, as compared to \$11.8 million, or 28.7% of sales, in the three months ended June 30, 2007. Gross profit increased approximately \$3.5 million primarily as a result of

the increased sales levels between years. Additionally, both businesses in this group experienced expansion of gross profit margins as compared to the prior year, primarily resulting from increased operating efficiencies resulting from higher production volumes.

Selling, general and administrative expenses within Energy Products increased \$0.8 million to \$6.9 million, or 13.0% of net sales, in the three months ended June 30, 2008, as compared to \$6.1 million, or 14.9% of net sales, in the three months ended June 30, 2007. This increase was due to higher compensation and commission expenses in support of our sales growth in base products, investments in compressor and gas processing equipment product lines and severance and other charges associated with the separation of the former Energy Products and Industrial Specialties Group President.

Overall, operating profit within Energy Products increased \$2.9 million to \$8.6 million, or 16.2% of sales, in the three months ended June 30, 2008, as compared to \$5.7 million, or 13.8% of sales, in the three months ended June 30, 2007, due principally to higher sales volumes, which were partially offset by the impact of investments made in 2008 in support of our sales growth initiatives and costs associated with the separation of the former Group President of this segment.

Energy Products' Adjusted EBITDA increased \$2.9 million to \$9.2 million, or 17.3% of sales, in the three months ended June 30, 2008, as compared to \$6.3 million, or 15.3% of sales, in the three months ended June 30, 2007, consistent with the improvement in operating profit between years.

Industrial Specialties. Net sales for the three months ended June 30, 2008 increased \$3.4 million, or 6.4%, to \$56.2 million, as compared to \$52.8 million in the three months ended June 30, 2007. Net sales increased 7.0% in our aerospace fastener business, as we continued to benefit from market share gains as well as strong overall market demand. Sales in our industrial cylinder business improved by 3.2%, primarily as a result of higher sales of our domestic DOT cylinder. Net sales in our defense business improved by 7.8% as our customer continues to build its inventory of cartridge cases in advance of the relocation of the facility. Our precision cutting tool business' sales declined 1.5% as a result of weakening industrial markets and an inventory rationalization, as our largest customer acquired another significant customer and has since limited its orders to reduce its inventory value on hand. Sales within our specialty fittings business declined approximately 17.6% in the second quarter of 2008 as compared to the second quarter of 2007 due to weak domestic automotive market demand. Finally, this segment benefited from approximately \$2.0 million of sales in our medical device business, which was acquired in the third quarter of 2007.

Gross profit within Industrial Specialties increased \$0.9 million to \$16.5 million, or 29.4% of sales, in the three months ended June 30, 2008, from \$15.6 million, or 29.5% of sales, in the three months ended June 30, 2007. This increase in gross profit was primarily a result of the increase in sales levels between years and improved material margins in our industrial cylinder business, which were partially offset by increased operating costs in our specialty fittings business, due primarily to lower absorption of fixed costs as a result of lower production and sales levels.

Selling, general and administrative expenses increased \$0.6 million to \$5.0 million, or 8.8% of sales, in the three months ended June 30, 2008, as compared to \$4.4 million, or 8.3% of sales, in the three months ended June 30, 2007, primarily due to the acquisition of our medical device business in the third quarter of 2007 and severance and other charges associated with the separation of the former Energy Products and Industrial Specialties Group President.

Operating profit improved by \$0.3 million to \$11.5 million for the three months ended June 30, 2008 as compared to \$11.2 million in the second quarter of 2007. This increase relates to the benefit of higher sales levels between years, but was partially offset by lower absorption of fixed costs, primarily in our specialty fittings business, and increased selling and general and administrative expenses, primarily

related to our newly acquired medical device business and costs associated with the separation of the former Group President.

Industrial Specialties' Adjusted EBITDA increased \$0.6 million to \$13.0 million, or 23.1% of sales, in the three months ended June 30, 2008, as compared to \$12.4 million, or 23.4% of sales, in the three months ended June 30, 2007. After consideration of approximately \$0.3 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our IPO in May 2007, the change in Adjusted EBITDA is consistent with the increase in operating profit between years.

RV & Trailer Products. Net sales decreased \$3.4 million to \$49.7 million for the three months ended June 30, 2008, as compared to \$53.1 million for the three months ended June 30, 2007. Net sales were favorably impacted by approximately \$2.4 million of currency exchange, as our reported results in U.S. dollars were positively impacted as a result of a stronger Australian dollar. In addition, this segment benefited from increased sales in our legacy Australian business and from our Parkside Towbars acquisition, which was completed in the first quarter of 2008. However, these increases were more than offset by a decline in North American sales of approximately \$7 million as a result of decreased demand in our end markets due to the current uncertain economic conditions, pricing pressure across certain of the markets served by our trailer products business, and reduced demand for our electrical products, primarily within the RV distributor and automotive OEM customer bases.

RV & Trailer Products' gross profit decreased \$3.7 million to \$8.3 million, or 16.7% of sales, for the three months ended June 30, 2008, from approximately \$12.0 million, or 22.6% of sales, in the three months ended June 30, 2007. Of the decline in gross profit between years, \$0.9 million is attributed to the decline in sales between periods. The remaining decrease in gross profit is due operating inefficiencies and higher operating costs due to lower absorption of fixed costs to manage inventories to the lower demand levels and a less favorable product sales mix, as our more profitable electrical products comprise a lower percentage of overall sales.

Selling, general and administrative expenses increased \$0.2 million to \$6.2 million, or 12.4% of sales, in the three months ended June 30, 2008, as compared to \$6.0 million, or 11.3% of sales, in the three months ended June 30, 2007, due primarily to an increase of \$0.5 million in spending related to growth initiatives within our Australian business, including our acquisition of the Parkside Towbars business, which were partially offset by approximately \$0.3 million of reductions in the North American fixed and discretionary spending in response to reduced demand for our trailer and electrical products.

RV & Trailer Products' operating profit declined \$3.9 million, to approximately \$2.1 million, or 4.1% of sales, in the three months ended June 30, 2008, from \$6.0 million, or 11.3% of net sales, in the three months ended June 30, 2007. Increases in sales and profit in our Australian business, including Parkside Towbars, were more than offset by the sales volume decline and lower absorption of fixed costs in our trailer and electrical products businesses and a less favorable product sales mix.

RV & Trailer Products' Adjusted EBITDA decreased \$3.9 million to \$3.9 million, or 7.9% of sales, for the three months ended June 30, 2008, from \$7.8 million, or 14.8% of sales, for the three months ended June 30, 2007. The decrease in Adjusted EBITDA was consistent with the change in operating profit between years after consideration of higher foreign currency transaction losses of \$0.2 million in the second quarter of 2008 as compared to the second quarter of 2007, which were offset by approximately \$0.2 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our IPO in May 2007.

Recreational Accessories. Recreational Accessories' net sales decreased \$3.4 million to \$80.6 million for the three months ended June 30, 2008, from \$84.0 million in the three months ended June 30, 2007. Sales within our towing products business increased approximately \$1.3 million in the second quarter of 2008 as compared to the second quarter of 2007, as increases in sales of new products more than offset

declines in sales in the installer, distributor and original equipment channels, which lagged historical sales levels as a result of continued weak end-market demand. These increases were more than offset by an approximate \$4.7 million decrease in sales in our retail business due primarily to the reduced end market demand and reductions in promotional sales programs with certain customers.

Gross profit within Recreational Accessories decreased \$1.3 million to \$21.5 million, or 26.7% of sales, for the three months ended June 30, 2008, as compared to \$22.8 million, or 27.1% of sales, for the three months ended June 30, 2007. The decline in gross profit is related to the decrease in sales between periods, which was partially offset by cost savings realized as a result of the closure of the Huntsville, Ontario, Canada facility, which was closed in the fourth quarter of 2007.

Recreational Accessories' selling, general and administrative expenses decreased \$0.4 million to \$15.0 million, or 18.6% of sales, for the three months ended June 30, 2008, from \$15.4 million, or 18.4% of sales, in the three months ended June 30, 2007. The decrease between years was due primarily to reductions in selling and distribution expenses in our towing business as a result of further consolidation of warehouses, lower discretionary spending corresponding with the decline in sales from historical levels in the installer and distributor channels and lower promotional spending in our retail business.

Recreational Accessories' operating profit decreased \$0.9 million to approximately \$6.5 million, or 8.1% of sales, in the three months ended June 30, 2008, from \$7.4 million, or 8.8% of sales, in the three months ended June 30, 2007. The decrease in operating profit is as a result of the decline in sales, which was partially offset by cost savings due to the closure of the Huntsville facility, lower costs due to the further consolidation of the distribution network within our towing products business and lower discretionary spending in both our towing products and retail businesses corresponding with the decline in sales in certain end-markets.

Recreational Accessories' Adjusted EBITDA decreased \$0.8 million to \$8.9 million, or 11.0% of sales, for the three months ended June 30, 2008, from \$9.7 million, or 11.5% of sales, for the three months ended June 30, 2007, consistent with the decline in operating profit between years.

Corporate Expenses and Management Fees. Corporate expenses and management fees included in operating profit and Adjusted EBITDA consist of the following:

	Three months ended June 30,	
	2008	2007
	(in millions)	
Corporate operating expenses	\$ 3.3	\$ 3.2
Employee costs and related benefits	4.6	2.2
Costs for early termination of operating leases	—	4.2
Management fees and expenses	—	11.1
Corporate expenses and management fees—operating profit	\$ 7.9	\$ 20.7
Receivables sales and securitization expenses	0.6	0.9
Depreciation	—	—
Other, net	(0.2)	(0.3)
Corporate expenses and management fees—Adjusted EBITDA	\$ 8.3	\$ 21.3

Corporate expenses and management fees decreased approximately \$12.8 million to \$7.9 million for the three months ended June 30, 2008, from \$20.7 million for the three months ended June 30, 2007. The decrease between years is primarily attributed to the impact of the use of IPO proceeds in the second quarter of 2007, including payment of a \$10.0 million fee to Heartland for agreeing to a contractual settlement of its right to receive a \$4.0 million annual fee under its advisory services

agreement and \$4.2 million of costs and expenses related to the early termination of operating leases. These decreases were partially offset by approximately \$1.6 million of severance and other costs incurred in connection with our corporate office restructuring in the second quarter of 2008 and an increase in restricted stock and stock option compensation expense in the second quarter of 2008 as compared to the second quarter of 2007 of approximately \$0.6 million.

Interest Expense. Interest expense, including debt extinguishment costs, decreased approximately \$11.9 million, to \$13.9 million, for the three months ended June 30, 2008, as compared to \$25.8 million for the three months ended June 30, 2007. Debt extinguishment costs of \$7.4 million were incurred in connection with the retirement of \$100.0 million face value of senior subordinated notes in June 2007. In addition, the Company incurred approximately \$2.5 million less in interest expense in the three months ended June 30, 2008 than in the three months ended June 30, 2007 due to aforementioned retirement of the \$100.0 million senior subordinated notes in June 2007 in connection with the use of IPO proceeds. The remainder of the decrease is primarily the result of a decrease in our weighted average interest rate on variable rate U.S. borrowings to approximately 5.2% during the second quarter 2008, from approximately 8.1% during the second quarter of 2007. Weighted-average U.S. borrowings increased from approximately \$292.3 million in the three months ended June 30, 2007 to approximately \$298.5 million in the three months ended June 30, 2008.

Other Expense, Net. Other expense, net increased approximately \$0.2 million to \$1.3 million for the three months ended June 30, 2008, from \$1.1 million for the three months ended June 30, 2007. In the three months ended June 30, 2008, we incurred approximately \$0.6 million of expenses in connection with the use of our receivables securitization facility, and experienced approximately \$0.6 million of losses on transactions denominated in foreign currencies. In three months ended June 30, 2007, we incurred approximately \$0.9 million of expenses in connection with the use of our receivables securitization facility and \$0.1 million of losses on transactions denominated in foreign currencies.

Income Taxes. The effective income tax rates for the three months ended June 30, 2008 and 2007 were 36% and 37%, respectively. In the quarter ended June 30, 2008, the Company reported domestic and foreign pre-tax income of approximately \$9.8 million and \$4.8 million, respectively. In the quarter ended June 30, 2007, the Company reported a domestic loss of approximately \$10.5 million and foreign pre-tax income of approximately \$4.0 million.

Discontinued Operations. The results of discontinued operations consist of our industrial fastening business through February 2007, when the sale of the business was completed, our N.I. Industries rocket launcher line of business through December 2007, when the sale of the business was completed, and our N.I. Industries property management line of business through June 30, 2008. The results of operations also include certain non-operating charges related to our industrial fastening businesses post-sale. Income from discontinued operations, net of income tax expense, was \$0.1 million and \$0.9 million for the three months ended June 30, 2008 and June 30, 2007, respectively. See Note 3, "*Discontinued Operations and Assets Held for Sale*," to our consolidated financial statements included in Part I, Item 1 of this report on Form 10-Q.

Six Months Ended June 30, 2008 Compared with Six Months Ended June 30, 2007

Overall, net sales increased \$4.5 million, or approximately 0.8%, for the six months ended June 30, 2008 as compared with the six months ended June 30, 2007. Of this increase, approximately \$8.4 million was due to currency exchange, as our reported results in U.S. dollars were positively impacted by stronger foreign currencies. Packaging Systems' net sales increased \$1.5 million, or approximately 1.4%, primarily as a result of an increase in sales of our specialty dispensing products and new product sales, as well increases in sales of industrial closures, rings and levers, which were partially offset by reduced sales of laminate and insulation products. Net sales within Energy Products

increased \$19.4 million, or approximately 23.4%, as our specialty gasket business benefited from continued high levels of activity at petroleum refineries and petrochemical facilities and our engine business benefited from completion of previously drilled wells. Net sales within Industrial Specialties increased \$6.3 million, or approximately 6.0%, due primarily to continued strong demand in our aerospace fastener business, as well as due to the acquisition of our medical device business in August 2007. Net sales within RV & Trailer Products decreased \$6.1 million, or approximately 5.7%, as this segment experienced reduced sales in its trailer and electrical products businesses due principally to weak market demand and downward market pricing pressures, which were partially offset by increased sales in our Australian business, including our acquisition of Parkside Towbars in January 2008. Recreational Accessories' net sales decreased \$16.5 million, or 9.8%, due to continued soft demand in our installer and distributor customer groups in our towing business and as a result of certain 2007 promotional programs and one-time pipeline fills in our retail business that did not recur in 2008.

Gross profit margin (gross profit as a percentage of sales) approximated 26.4% and 27.6% for the six months ended June 30, 2008 and 2007, respectively. Packaging Systems' gross profit margin decreased to 29.3% for the six months ended June 30, 2008, from 30.5% for the six months ended June 30, 2007, as this segment's margin was unfavorably impacted by lower sales volumes in our laminates and insulation products and increased raw material costs. Energy Products' gross profit margin remained relatively flat at 29.5% for the six months ended June 30, 2008, compared to 29.6% for the six months ended June 30, 2007, as the incremental operating leverage from the increased sales demand offset certain costs in 2008 to move one of our specialty gasket branches to a new location. Gross profit margin within Industrial Specialties decreased to 29.5% for the six months ended June 30, 2008, from 30.0% in the six months ended June 30, 2007, as the benefits of improved operating leverage in our aerospace business was more than offset by higher operating costs in our specialty fittings business due to lower absorption of fixed costs due to reduced demand. RV & Trailer Products' gross profit margin decreased to 17.3% for the six months ended June 30, 2008, from 23.0% for the six months ended June 30, 2007, due to weak end-market demand in our trailer and electrical products businesses and a less favorable product sales mix. Recreational Accessories' gross profit margin remained relatively flat at 25.9% for the six months ended June 30, 2008, compared to 26.0% for the six months ended June 30, 2007, due primarily to cost savings from the closure of our Huntsville, Ontario, Canada facility in the fourth quarter of 2007 effectively offsetting decreased operating leverage resulting from reduced sales in our towing products and retail businesses.

Operating profit margin (operating profit as a percentage of sales) approximated 10.1% and 9.2% for the six months ended June 30, 2008 and 2007, respectively. Operating profit increased \$5.3 million, or 10.0%, to \$58.0 million for the quarter ended June 30, 2008, from \$52.7 million for the six months ended June 30, 2007. Offsetting this increase in operating profit margin is the impact of the use of IPO proceeds in 2007, including payment of a \$10.0 million fee to Heartland for agreeing to a contractual settlement of its right to receive a \$4.0 million annual fee under its advisory services agreement and \$4.2 million of costs and expenses related to the early termination of operating leases. Packaging Systems' operating profit margin was 16.1% and 17.9% for the six months ended June 30, 2008 and 2007, respectively. Operating profit decreased \$1.8 million, or approximately 9.0%, for the six months ended June 30, 2008, as compared with the six months ended June 30, 2007, as the favorable impact of increases in sales of our specialty dispensing products and industrial closures, rings and levers was more than offset by lower sales of our laminates and insulation products and increased raw material costs. Energy Products' operating profit margin was 16.2% and 14.6% for the six months ended June 30, 2008 and 2007, respectively. Operating profit increased \$4.4 million, or approximately 36.7%, for the six months ended June 30, 2008, as compared with the six months ended June 30, 2007, as a result of increased sales levels in our specialty gasket and engine businesses, which were partially offset by investments in 2008 in support of sales growth initiatives and costs associated with the separation of the formers Group President of this segment. Industrial Specialties' operating profit margin was 20.6% and 21.7% for the six months ended June 30, 2008 and 2007, respectively. Operating profit increased

\$0.2 million, or approximately 0.9%, for the six months ended June 30, 2008 as compared with the six months ended June 30, 2007, due primarily to increased sales volumes between years, which was partially offset by lower absorption of fixed costs in our specialty fittings business, costs related to our medical device business acquired in the third quarter of 2007 and costs associated with the separation of the former Group President of this segment. RV & Trailer Products' operating profit margin declined to 4.8% for the six months ended June 30, 2008, from 11.7% for the six months ended June 30, 2007. Operating profit decreased \$7.7 million in the six months ended June 30, 2008, as compared with the six months ended June 30, 2007, due primarily to the sales volume decline between years, a less favorable product sales mix and lower absorption of fixed costs in our trailer and electrical businesses. Recreational Accessories' operating profit margin was 6.0% and 7.4% in the six months ended June 30, 2008 and 2007, respectively. Operating profit decreased \$3.4 million in the six months ended June 30, 2008, compared with the six months ended June 30, 2007, primarily due to the decline in sales, which was partially offset by cost savings from the closure of our Huntsville, Ontario, Canada facility in the fourth quarter of 2007 and lower discretionary spending in response to the decline in sales.

Adjusted EBITDA margin (Adjusted EBITDA as a percentage of sales) approximated 13.4% and 12.2% for the six months ended June 30, 2008 and 2007, respectively. Adjusted EBITDA increased \$7.2 million for the six months ended June 30, 2008, as compared to the six months ended June 30, 2007. The increase in Adjusted EBITDA is consistent with the change in operating profit between years after consideration of higher foreign currency transaction losses of \$0.5 million in the first half of 2008 as compared to the first half of 2007 and approximately \$2.2 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our IPO in May 2007.

Packaging Systems. Net sales increased \$1.5 million, or approximately 1.4%, to \$112.0 million in the six months ended June 30, 2008, as compared to \$110.5 million in the six months ended June 30, 2007. Overall, sales increased approximately \$3.4 million due to currency exchange, as our reported results in U.S. dollars were positively impacted as a result of stronger foreign currencies. In addition, sales of our specialty dispensing products and new product introductions increased by approximately \$0.7 million and sales of our industrial closures, rings and levers increased by approximately \$1.3 million in the six months ended June 30, 2008 compared to the six months ended June 30, 2007, and included pricing increases to recover higher steel and resin costs. These increases in sales were partially offset by decreases in sales of our laminates and insulation products of approximately \$3.9 million as a result of lower levels of commercial construction activity.

Packaging Systems' gross profit decreased approximately \$0.9 million to \$32.8 million, or 29.3% of sales, in the six months ended June 30, 2008, as compared to \$33.7 million, or 30.5% of sales, in the six months ended June 30, 2007. The decrease in gross profit between years is primarily attributed to lower sales volumes in our laminates and insulation products and increased steel and resin costs. These decreases in gross profit were partially offset by favorable currency exchange.

Packaging Systems' selling, general and administrative expenses increased approximately \$0.8 million to \$14.9 million, or 13.3% of sales, for the six months ended June 30, 2008, as compared to \$14.1 million, or 12.7% of sales, in the six months ended June 30, 2007. The increase is primarily as a result of compensation and other related expenses incurred supporting support of sales growth initiatives.

Packaging Systems' operating profit decreased \$1.8 million to \$18.0 million, or 16.1% of sales, in the six months ended June 30, 2008, as compared to \$19.8 million, or 17.9% of sales, in six months ended June 30, 2007, as sales increases of our specialty dispensing products, new product introductions and industrial closures, rings and levers, along with favorable currency exchange were more than offset by the lower sales volumes in our laminate and insulation products and increased raw material costs.

Packaging Systems' Adjusted EBITDA decreased \$0.7 million to \$25.7 million, or 22.9% of sales, in the six months ended June 30, 2008, as compared to \$26.4 million, or 23.9% of sales, in the six months ended June 30, 2007. After consideration of approximately \$1.2 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our initial public offering in May 2007, the change in Adjusted EBITDA is consistent with the change in operating profit between years.

Energy Products. Net sales for the six months ended June 30, 2008 increased \$19.4 million, or 23.4%, to \$102.0 million, as compared to \$82.6 million in the six months ended June 30, 2007. Sales of specialty gaskets and related fastening hardware increased approximately \$7.3 million as a result of increased demand from existing customers due to continued high levels of turn-around activity at petrochemical refineries and increased demand for replacement parts as refineries continue to operate at capacity. Sales of slow speed engines and compressors and related products increased approximately \$12.1 million, primarily due to increased single cylinder engine demand in both the U.S. and Canadian markets, driven by completion of previously drilled wells and heavy demand in advance of emissions law changes which were effective on July 1, 2008.

Gross profit within Energy Products increased \$5.6 million to \$30.0 million, or 29.5% of sales, in the six months ended June 30, 2008, as compared to \$24.4 million, or 29.6% of sales, in the six months ended June 30, 2007. The increase in gross profit is primarily as a result of the increase in sales levels between years. This volume-related increase was partially offset by increased costs associated with the move to a new location for one of our specialty gasket branches and costs related thereto.

Selling, general and administrative expenses within Energy Products increased \$1.2 million to \$13.5 million, or 13.3% of net sales, in the six months ended June 30, 2008, as compared to \$12.3 million, or 14.9% of net sales, in the six months ended June 30, 2007. This increase was due to increased compensation and commission expenses in support of our sales growth, investments in compressor and gas processing equipment product lines and severance and other charges associated with the separation of the former Energy Products and Industrial Specialties Group President.

Overall, operating profit within Energy Products increased \$4.4 million to \$16.5 million, or 16.2% of sales, in the six months ended June 30, 2008, as compared to \$12.1 million, or 14.6% of sales, in the six months ended June 30, 2007, due principally to higher sales volumes, which were partially offset by the impact of investments made in 2008 in support of our sales growth initiatives and costs associated with the separation of the former Group President.

Energy Products' Adjusted EBITDA increased \$4.4 million to \$17.8 million, or 17.5% of sales, in the six months ended June 30, 2008, as compared to \$13.4 million, or 16.2% of sales, in the six months ended June 30, 2007, consistent with the improvement in operating profit between years.

Industrial Specialties. Net sales for the six months ended June 30, 2008 increased \$6.3 million, or 6.0%, to \$109.7 million, as compared to \$103.4 million in the six months ended June 30, 2007. Net sales increased 10.1% in our aerospace fastener business, as we continued to benefit from market share gains as well as strong overall market demand. Sales in our industrial cylinder business improved by 2.1% due to increases in sales of our exported ISO cylinder. Net sales in our defense business declined by 16.9% as the quantity of cartridge cases purchased by our customer declined on a year to date basis in 2008 versus 2007. The precision cutting tool businesses were able to hold its sales essentially flat compared to the prior year despite the weak industrial markets that it serves. Sales within our specialty fittings business declined approximately 13.8% due to weak domestic automotive market demand. Finally, this segment benefited from approximately \$4.9 million of sales from our medical device business, which was acquired in the third quarter of 2007.

Gross profit within Industrial Specialties increased \$1.4 million to \$32.4 million, or 29.5% of sales, in the six months ended June 30, 2008, from \$31.0 million, or 30.0% of sales, in the six months ended June 30, 2007. Gross profit increased approximately \$1.9 million as a result of the increase in sales levels between years. This increase in gross profit was partially offset by increased operating costs in our specialty fittings business, due primarily to lower absorption of fixed costs as a result of lower production and sales levels.

Selling, general and administrative expenses increased \$1.0 million to \$9.6 million, or 8.8% of sales, in the six months ended June 30, 2008, as compared to \$8.6 million, or 8.3% of sales, in the six months ended June 30, 2007, primarily due to the acquisition of our medical device business in the third quarter of 2007 and severance and other charges associated with the separation of the former Energy Products and Industrial Specialties Group President.

Operating profit increased \$0.2 million to \$22.6 million, or 20.6% of sales, for the six months ended June 30, 2008 as compared to \$22.4 million, or 21.7% of sales, in the six months ended June 30, 2007. This increase relates to the benefit of higher sales levels between years, which was partially offset by lower absorption of fixed costs in our specialty fittings business, and increased selling and general and administrative expenses, primarily related to our newly acquired medical device business in the third quarter of 2007 and costs associated with the separation of the former Group President.

Industrial Specialties' Adjusted EBITDA increased \$1.1 million to \$25.6 million, or 23.3% of sales, in the six months ended June 30, 2008, as compared to \$24.5 million, or 23.7% of sales, in the six months ended June 30, 2007. After consideration of approximately \$0.9 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our IPO in May 2007, the change in Adjusted EBITDA is consistent with the increase in operating profit between years.

RV & Trailer Products. Net sales decreased \$6.1 million to \$100.4 million for the six months ended June 30, 2008, as compared to \$106.5 million for the six months ended June 30, 2007. Net sales were favorably impacted by approximately \$4.6 million of currency exchange, as our reported results in U.S. dollars were positively impacted as a result of a stronger Australian dollar. In addition, this segment benefited from increased sales in our legacy Australian business and from our Parkside Towbars acquisition, which was completed in the first quarter of 2008. However, these increases were more than offset by a decline in North American sales of approximately \$14 million as a result of continued weak demand in our end markets due to the current uncertain economic conditions, pricing pressure across end markets served by our trailer products business, and reduced demand for our electrical products, primarily within the RV distributor, horse and livestock and automotive OEM channels.

RV & Trailer Products' gross profit decreased \$7.1 million to \$17.4 million, or 17.3% of sales, for the six months ended June 30, 2008, from approximately \$24.5 million, or 23.0% of sales, in the six months ended June 30, 2007. The decrease in gross profit is primarily due to the decrease in sales, operating inefficiencies and higher operating costs due to lower absorption of fixed costs to manage inventories in response to lower demand levels, and a less favorable product sales mix, as our more profitable electrical products comprised a lower percentage of overall sales. These decreases were partially offset by favorable currency exchange as a result of a stronger Australian dollar.

Selling, general and administrative expenses increased \$0.5 million to \$12.5 million, or 12.4% of sales, in the six months ended June 30, 2008, as compared to \$12.0 million, or 11.3% of sales, in the six months ended June 30, 2007, due primarily to an increase of \$1.2 million in spending related to growth initiatives within our Australian business, including our recently acquired Parkside Towbars business, which were partially offset by reductions in the North American fixed and discretionary spending in response to the difficult market conditions and reduced demand for our trailer and electrical products.

RV & Trailer Products' operating profit declined \$7.7 million, to approximately \$4.8 million, or 4.8% of sales, in the six months ended June 30, 2008, from \$12.5 million, or 11.7% of net sales, in the six months ended June 30, 2007. Increases in sales and operating profit in our Australian business, including Parkside Towbars, were more than offset by the overall sales volume decline, lower absorption of fixed costs in our trailer and electrical products businesses and a less favorable product sales mix.

RV & Trailer Products' Adjusted EBITDA decreased \$7.9 million to \$8.5 million, or 8.4% of sales, for the six months ended June 30, 2008, from \$16.4 million, or 15.4% of sales, for the six months ended June 30, 2007. The decrease in Adjusted EBITDA is consistent with the change in operating profit between years after consideration of increased foreign currency transaction losses of \$0.6 million in the second quarter of 2008 as compared to the second quarter of 2007, which were offset by approximately \$0.3 million of increased depreciation expense primarily as the result of the acquisition of previously leased assets with the use of proceeds from our IPO in May 2007.

Recreational Accessories. Recreational Accessories' net sales decreased \$16.5 million to \$152.6 million for the six months ended June 30, 2008, from \$169.1 million in the six months ended June 30, 2007. Sales within our towing products business decreased approximately \$1.6 million in the first two quarters of 2008 as compared to the first two quarters of 2007, as increases in sales of new products were more than offset by declines in sales in the installer, distributor and original equipment channels, as a result of continued weak end-market demand stemming from uncertain economic conditions. Sales in our retail business declined \$14.9 million in the first two quarters of 2008 as compared to the first two quarters of 2007 due to the combination of lower sales volumes as a result of uncertain economic conditions and as a result of changes in certain promotional programs and one-time pipeline fills that did not recur in 2008.

Gross profit within Recreational Accessories decreased \$4.5 million to \$39.5 million, or 25.9% of sales, for the six months ended June 30, 2008, as compared to \$44.0 million, or 26.0% of sales, for the six months ended June 30, 2007. The decrease in gross profit resulted primarily from the decrease in sales year-over-year. However, this segment was able to maintain its gross profit as a percentage of sales as a result of cost savings realized as a result of the closure of the Huntsville, Ontario, Canada facility, which was closed in the fourth quarter of 2007.

Recreational Accessories' selling, general and administrative expenses decreased by \$1.2 million to \$30.3 million, or 19.8% of sales, for the six months ended June 30, 2008, as compared to \$31.5 million, or 18.6% of sales, for the six months ended June 30, 2007, due primarily to reductions in selling and distribution expenses in our towing business as a result of further consolidation of warehouses and lower discretionary spending in response to the decline in sales.

Recreational Accessories' operating profit decreased \$3.4 million to approximately \$9.1 million, or 6.0% of sales, in the six months ended June 30, 2008, from \$12.5 million, or 7.4% of sales, in the six months ended June 30, 2007. The decrease in operating profit is as a result of the decline in sales, which was partially offset by cost savings due to the closure of the Huntsville facility, lower costs due to the further consolidation of the distribution network within our towing products business and continued lower discretionary spending in both our towing products and retail businesses in response to the decline in sales in certain end-markets.

Recreational Accessories' Adjusted EBITDA decreased \$3.5 million to \$13.9 million, or 9.1% of sales, for the six months ended June 30, 2008, from \$17.4 million, or 10.3% of sales, for the six months ended June 30, 2007, consistent with the change in operating profit between years.

Corporate Expenses and Management Fees. Corporate expenses and management fees included in operating profit and Adjusted EBITDA consist of the following:

	Six months ended June 30,	
	2008	2007
	(in millions)	
Corporate operating expenses	\$ 6.2	\$ 5.8
Employee costs and related benefits	6.9	4.5
Costs for early termination of operating leases	—	4.2
Management fees and expenses	—	12.1
Corporate expenses and management fees—operating profit	\$ 13.1	\$ 26.6
Receivables sales and securitization expenses	1.6	1.9
Depreciation	(0.1)	(0.1)
Other, net	(0.2)	(0.2)
Corporate expenses and management fees—Adjusted EBITDA	\$ 14.4	\$ 28.2

Corporate expenses and management fees decreased approximately \$13.5 million to \$13.1 million for the six months ended June 30, 2008, from \$26.6 million for the six months ended June 30, 2007. The decrease between years is primarily attributed to the impact of the use of IPO proceeds in 2007, including payment of a \$10.0 million fee to Heartland for agreeing to a contractual settlement of its right to receive a \$4.0 million annual fee under its advisory services agreement termination fee and \$4.2 million of costs and expenses related to the early termination of operating leases. These decreases were partially offset by approximately \$1.6 million of severance and other costs incurred in connection with our corporate office restructuring in the second quarter of 2008 and an increase in restricted stock and stock option compensation expense in the first six months of 2008 as compared to the first six months of 2007 of approximately \$0.8 million.

Interest Expense. Interest expense, including debt extinguishment costs, decreased approximately \$16.0 million, to \$28.6 million, for the six months ended June 30, 2008, as compared to \$44.6 million for the six months ended June 30, 2007. Debt extinguishment costs of \$7.4 million were incurred in connection with the retirement of \$100.0 million face value of senior subordinated notes in June 2007. In addition, the Company incurred approximately \$4.9 million less in interest expense in the six months ended June 30, 2008 than in the six months ended June 30, 2007 due to aforementioned retirement of the \$100.0 million senior subordinated notes in June 2007 in connection with the use of IPO proceeds. The remainder of the decrease is primarily the result of a decrease in our weighted average interest rate on variable rate U.S. borrowings to approximately 5.6% during the first half of 2008, from approximately 8.1% during the first half of 2007. Weighted-average U.S. borrowings increased from approximately \$300.0 million in the six months ended June 30, 2007 to approximately \$305.5 million in the six months ended June 30, 2008.

Other Expense, Net. Other expense, net increased approximately \$0.3 million to \$2.5 million for the six months ended June 30, 2008, from \$2.2 million for the six months ended June 30, 2007. In the first six months of 2008, we incurred approximately \$1.5 million of expenses in connection with the use of our receivables securitization facility, and experienced approximately \$0.6 million of losses on transactions denominated in foreign currencies. In the first six months of 2007, we incurred approximately \$1.9 million of expenses in connection with the use of our receivables securitization facility and \$0.1 million of losses on transactions denominated in foreign currencies.

Income Taxes. The effective income tax rates for the six months ended June 30, 2008 and 2007 were 36% and 37%, respectively. In the six months ended June 30, 2008, the Company reported domestic and foreign pre-tax income of approximately \$17.1 million and \$9.7 million, respectively. In

the six months ended June 30, 2007, the Company reported a domestic pre-tax loss of approximately \$2.6 million and foreign pre-tax income of approximately \$8.4 million, respectively.

Discontinued Operations. The results of discontinued operations consist of our industrial fastening business through February 2007, when the sale of the business was completed, our N.I. Industries rocket launcher line of business through December 2007, when the sale of the business was completed, and our N.I. Industries property management line of business through June 30, 2008. The results of operations also include certain non-operating charges related to our industrial fastening businesses post-sale. Income from discontinued operations, net of income tax expense, was \$0.2 million for each of the six months ended June 30, 2008 and June 30, 2007, respectively. See Note 3, "*Discontinued Operations and Assets Held for Sale*," to our consolidated financial statements included in Part I, Item 1 of this report on Form 10-Q.

Liquidity and Capital Resources

Cash Flows

Cash provided by operating activities for the six months ended June 30, 2008 was approximately \$23.3 million as compared to \$25.9 million for the six months ended June 30, 2007. The change between years is due to the increase in net income, which was more than offset by the reduction in net proceeds from the receivable securitization facility.

Net cash used for investing activities for the six months ended June 30, 2008 was approximately \$19.4 million as compared to \$39.0 million for the six months ended June 30, 2007. During the first six months of 2008, we incurred approximately \$2.7 million for the acquisition of Parkside Towbars, net of cash acquired, and approximately \$3.5 million in additional purchase price paid in connection with earn-out clauses related to prior year acquisitions. In 2007, using proceeds from our initial public offering, we purchased approximately \$17.1 million of machinery and equipment subject to operating leases. In addition, also in 2007, we paid approximately \$12.9 million for certain machinery and equipment subject to operating leases in connection with the disposition of our Frankfort, Indiana industrial fastening business, which was sold in February 2007. Capital expenditures were relatively flat year-over year at \$13.5 million in the first half of 2008 versus \$14.9 million in the first half of 2007.

Net cash used for financing activities was approximately \$1.8 million for the six months ended June 30, 2008, as compared to net cash provided by financing activities of approximately \$12.2 million for the six months ended June 30, 2007. During the second quarter 2008 the net cash used represents repayment of borrowings under our existing credit facilities. During the second quarter of 2007, we received net proceeds from the initial public offering of our common stock of approximately \$126.5 million. We used these net proceeds, along with cash on hand and revolving credit borrowings, to retire \$100.0 million face value of senior subordinated notes and fund the related \$4.9 million call premium, to fund the \$10 million advisory services agreement termination fee and for the payment to early terminate operating leases and acquire the underlying machinery and equipment. In addition, during the second quarter of 2007, we repaid approximately \$14.3 million of borrowings under our existing credit facilities.

Our Debt and Other Commitments

Our credit facility is comprised of a \$90.0 million revolving credit facility, a \$60.0 million deposit-linked supplemental revolving credit facility and a \$260.0 million term loan facility, of which \$255.5 million was outstanding at June 30, 2008. Under the credit facility, up to \$90.0 million in the aggregate of our revolving credit facility is available to be used for one or more permitted acquisitions subject to certain conditions and other outstanding borrowings and issued letters of credit. Our credit facility also provides for an uncommitted \$100.0 million incremental term loan facility that, subject to

certain conditions, is available to fund one or more permitted acquisitions or to repay a portion of our senior subordinated notes.

Amounts drawn under our revolving credit facilities fluctuate daily based upon our working capital and other ordinary course needs. Availability under our revolving credit facilities depends upon, among other things, compliance with our credit agreement's financial covenants. Our credit facilities contain negative and affirmative covenants and other requirements affecting us and our subsidiaries, including among others: restrictions on incurrence of debt (except for permitted acquisitions and subordinated indebtedness), liens, mergers, investments, loans, advances, guarantee obligations, acquisitions, asset dispositions, sale-leaseback transactions, hedging agreements, dividends and other restricted junior payments, stock repurchases, transactions with affiliates, restrictive agreements and amendments to charters, by-laws, and other material documents. The terms of our credit agreement require us and our subsidiaries to meet certain restrictive financial covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense ratio (consolidated EBITDA, as defined, over cash interest expense, as defined) and a capital expenditures covenant. The most restrictive of these financial covenants and ratios is the leverage ratio. Our permitted leverage ratio under our amended and restated credit agreement is 5.25 to 1.00 for October 1, 2007 to June 30, 2008, 5.00 to 1.00 for July 1, 2008 to June 30, 2009, 4.75 to 1.00 for July 1, 2009 to September 30, 2009, 4.50 to 1.00 for October 1, 2009 to June 30, 2010, 4.25 to 1.00 for July 1, 2010 to September 30, 2011 and 4.00 to 1.00 from October 1, 2011 and thereafter. Our actual leverage ratio was 4.25 to 1.00 at June 30, 2008 and we were in compliance with our covenants as of that date.

The following is the reconciliation of net income, which is a GAAP measure of our operating results, to Consolidated Bank EBITDA, as defined in our credit agreement as in effect on June 30, 2008, for the twelve month period ended June 30, 2008.

	Year Ended December 31, 2007	Less: Six Months Ended June 30, 2007	Add: Six Months Ended June 30, 2008	Twelve Months Ended June 30, 2008
	(dollars in thousands)			
Net income (loss), as reported	\$ (158,430)	\$ 3,860	\$ 17,320	\$ (144,970)
Bank stipulated adjustments:				
Interest expense, net (as defined)	68,310	37,200	28,690	59,800
Income tax expense (benefit)(1)	(10,410)	3,150	9,750	(3,810)
Depreciation and amortization	41,350	19,460	21,700	43,590
Extraordinary non-cash charges(2)	178,450	—	—	178,450
Heartland monitoring fee and expenses(3)	12,000	12,000	—	—
Interest equivalent costs(4)	4,230	2,060	1,480	3,650
Non-cash expenses related to stock option grants(5)	570	120	880	1,330
Other non-cash expenses or losses	4,450	1,040	2,130	5,540
Losses on early termination of operating leases from net proceeds of an IPO	4,230	4,230	—	—
Non-recurring expenses or costs for cost savings projects(6)	6,630	370	2,190	8,450
Permitted dispositions(7)	240	(300)	140	680
Permitted acquisitions(8)	2,550	2,490	40	100
Debt extinguishment costs(9)	7,440	7,440	—	—
Consolidated Bank EBITDA, as defined	<u>\$ 161,610</u>	<u>\$ 93,120</u>	<u>\$ 84,320</u>	<u>\$ 152,810</u>

	<u>June 30, 2008</u> (dollars in thousands)
Total long-term debt	\$ 616,400
Aggregate funding under the receivables securitization facility	32,980
Total Consolidated Indebtedness, as defined	<u>\$ 649,380</u>
Consolidated Bank EBITDA, as defined	\$ 152,810
Actual leverage ratio	<u>4.25x</u>
Covenant requirement	<u>5.25x</u>

-
- (1) Amount includes tax benefits associated with discontinued operations and cumulative effect of accounting change.
 - (2) Non-cash charges associated with tangible and intangible asset impairments, including goodwill.
 - (3) Represents management fees and expenses paid to Heartland pursuant to the former Advisory Services Agreement and Advisory Services Agreement termination.
 - (4) Interest-equivalent costs associated with the use of Company's receivables securitization facility.
 - (5) Non-cash expenses resulting from the grant of restricted shares of common stock and common stock options.
 - (6) Non-recurring costs and expenses relating to cost savings projects, including restructuring and severance expenses, not to exceed \$50,000,000 in the aggregate
 - (7) EBITDA from permitted dispositions, as defined.
 - (8) EBITDA from permitted acquisitions, as defined.
 - (9) Includes approximately \$4.9 million call premium, \$2.3 million write-off of debt issue costs and \$0.3 million accretion of net discount, all incurred in connection with the retirement of \$100.0 million face value of our senior subordinated notes in the second quarter of 2007.

Three of our international businesses are also parties to loan agreements with banks, denominated in their local currencies. In Italy, we are party to a €5.0 million note agreement with a bank (approximately \$2.7 million outstanding at June 30, 2008) with a term of seven years, which expires December 12, 2012 and is secured by land and buildings of our local business unit. In Australia, we are party to a debt agreement with a bank in the amount of \$25 million Australian dollars (approximately \$20.6 million outstanding at June 30, 2008) for a term of five years which expires December 31, 2010. Borrowings under this arrangement are secured by substantially all the assets of the local business which is also subject to financial ratio and reporting covenants. Financial ratio covenants include: capital adequacy ratio (tangible net worth over total tangible assets), interest coverage ratio (EBIT over gross interest cost). In addition to the financial ratio covenants there are other financial restrictions such as restrictions on dividend payments, U.S. parent loan repayments, negative pledge and undertakings with respect to related entities. Additionally, in Mexico, the Company's subsidiary is party to an unsecured loan with a bank in the amount of 5.0 million pesos (approximately \$0.5 million outstanding at June 30, 2008) which matures on July 3, 2008. As of June 30, 2008, total borrowings in the amount of \$23.8 million were outstanding under these arrangements.

Another important source of liquidity is our \$90.0 million accounts receivable securitization facility, under which we have the ability to sell eligible accounts receivable to a third-party multi-seller receivables funding company. At June 30, 2008, we had \$33.0 million utilized under our accounts receivable facility and \$27.0 million of available funding based on eligible receivables and after consideration of leverage restrictions. At June 30, 2008, we had no balance outstanding under our revolving credit facility and had an additional \$116.9 million potentially available after giving effect to

approximately \$33.1 million of letters of credit issued to support our ordinary course needs and after consideration of leverage restrictions. At June 30, 2008, we had aggregate available funding under our accounts receivable facility and our revolving credit facility of \$143.9 million after consideration of the aforementioned leverage restrictions. The letters of credit are used for a variety of purposes, including to support certain operating lease agreements, vendor payment terms and other subsidiary operating activities, and to meet various states' requirements to self-insure workers' compensation claims, including incurred but not reported claims.

We also have \$337.8 million (face value) 9⁷/₈% senior subordinated notes which are due in 2012.

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

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

Our exposure to interest rate risk results from the variable rates under our credit facility. Borrowings under the credit facility bear interest, at various rates, as more fully described in Note 10, "Long-term Debt," to the accompanying consolidated financial statements as of June 30, 2008. Based on amounts outstanding at June 30, 2008, a 1% increase or decrease in the per annum interest rate for borrowings under our revolving credit facilities would change our interest expense by approximately \$2.8 million annually.

We have other cash commitments related to leases. We account for these lease transactions as operating leases and annual rent expense related thereto approximates \$15.4 million. We expect to continue to utilize leasing as a financing strategy in the future to meet capital expenditure needs and to reduce debt levels.

Market Risk

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

As a result of our credit facility and senior subordinated notes, we are highly leveraged. In addition to normal capital expenditures, we may incur significant amounts of additional debt and further burden cash flow in pursuit of our internal growth and acquisition strategies.

We believe that our liquidity and capital resources, including anticipated cash flows from operations, will be sufficient to meet our debt service, capital expenditure and other short-term and long-term obligation needs for the foreseeable future, but we are subject to unforeseeable events and risks.

Credit Rating

We and certain of our outstanding debt obligations are rated by Standard & Poor's and Moody's. On May 23, 2007, following our initial public offering, Standard & Poor's upgraded our credit facilities, corporate credit and senior subordinated notes ratings to BB-, B+ and B-, respectively, from B+, B

and CCC+, respectively, each with a stable outlook. These ratings remain in place as of June 30, 2008. As of June 30, 2008, Moody's has assigned our credit facilities, corporate credit and senior subordinated notes ratings of Ba2, B2 and B3, respectively, each with a stable outlook. If our credit ratings were to decline, our ability to access certain financial markets may become limited, the perception of us in the view of our customers, suppliers and security holders may worsen and as a result, we may be adversely affected. In connection with the consummation of our initial public offering in May 2007 and the use of proceeds therefrom, the applicable margin on all loans under our amended and restated credit agreement were reduced by 0.5% per annum based on the ratings assigned to our credit facilities by Standard & Poor's being and remaining at B+ (stable) or better and the ratings assigned to our credit facilities by Moody's being and remaining at B1 (stable) or better.

Off-Balance Sheet Arrangements

We are party to an agreement to sell, on an ongoing basis, the trade accounts receivable of certain business operations to a wholly-owned, bankruptcy-remote, special purpose subsidiary, TSPC, Inc. ("TSPC"). TSPC, subject to certain conditions, may from time to time sell an undivided fractional ownership interest in the pool of domestic receivables, up to approximately \$90.0 million, to a third party multi-seller receivables funding company, or conduit. The proceeds of the sale are less than the face amount of accounts receivable sold by an amount that approximates the purchaser's financing costs. Upon sale of receivables, our subsidiaries that originated the receivables retain a subordinated interest. Under the terms of the agreement, new receivables can be added to the pool as collections reduce receivables previously sold. The facility is an important source of liquidity. At June 30, 2008, we had \$33.0 million utilized and \$27.0 million available under this facility based on eligible receivables and after consideration of leverage restrictions.

The facility is subject to customary termination events, including, but not limited to, breach of representations or warranties, the existence of any event that materially adversely affects the collectability of receivables or performance by a seller and certain events of bankruptcy or insolvency. The facility expires on February 20, 2009. In future periods, if we are unable to renew or replace this facility, it could materially and adversely affect our available liquidity capacity.

Impact of New Accounting Standards

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations," which revises the current accounting practices for business combinations. Significant changes as a result of issuance of SFAS No. 141(R) include a revised definition of a business, expensing of acquisition-related transaction costs, and a change in how acquirers measure consideration, identifiable assets, liabilities assumed and goodwill acquired in a business combination. SFAS No. 141(R) is effective for business combinations occurring in fiscal years beginning after December 15, 2008, and may not be retroactively applied. There is no impact on our current consolidated financial statements as a result of this pronouncement.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. For financial assets and liabilities, this statement is effective for fiscal periods beginning after November 15, 2007 and does not require new fair value measurements. In February 2008, the FASB released Staff Position No. 157-2, which delayed the effective date of SFAS No. 157 to fiscal years ending after November 15, 2008 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in our financial statements on a recurring basis (at least annually), which was effective for us effective January 1, 2008. The adoption of SFAS No. 157 did not have a material effect on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115," which permits entities to choose to measure certain financial instruments and other items at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, including interim periods within that fiscal year. We did not elect the fair value option for any of its existing financial instruments as of March 31, 2008 and we have made no determination whether or not we will elect this option for financial instruments we may acquire in the future.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," which establishes requirements for identification, presentation and disclosure of noncontrolling interests, and to account for such non-controlling interests as a separate component of stockholder's equity. SFAS No. 160 is effective prospectively for fiscal years beginning after December 15, 2008. However, the presentation and disclosure requirements are required to be retrospectively applied to comparative financial statements. There is no impact on our current consolidated financial statements as a result of this pronouncement.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 to provide users of financial statements with an enhanced understanding of derivative instruments, how they are accounted for and their impact on a company's financial position and performance. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We are currently assessing the impact of the adoption of SFAS No. 161 on our consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles," which is intended to improve financial reporting by identifying a consistent hierarchy for selecting accounting principles to be used in preparing financial statements that are prepared in conformance with generally accepted accounting principles. The statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with GAAP." There is no impact our current consolidated financial statements as a result of this pronouncement.

Critical Accounting Policies

The following discussion of accounting policies is intended to supplement the accounting policies presented in Note 3 to our 2007 audited financial statements included in our annual report filed on Form 10-K. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, our evaluation of business and macroeconomic trends, and information from other outside sources, as appropriate.

Accounting Basis for Transactions. Prior to June 6, 2002, we were owned by Metaldyne. On November 28, 2000, Metaldyne was acquired by an investor group led by Heartland. On June 6, 2002, Metaldyne issued approximately 66% of our fully diluted common stock to an investor group led by Heartland. As a result of the transactions, we did not establish a new basis of accounting as Heartland was the controlling shareholder for both us and Metaldyne at the time and the transactions were accounted for as a reorganization of entities under common control.

Receivables. Receivables are presented net of allowances for doubtful accounts of approximately \$5.0 million at June 30, 2008. We monitor our exposure for credit losses and maintain adequate allowances for doubtful accounts. We determine these allowances based on historical write-off experience and/or specific customer circumstances and provide such allowances when amounts are

reasonably estimable and it is probable a loss has been incurred. We do not have concentrations of accounts receivable with a single customer or group of customers and do not believe that significant credit risk exists due to our diverse customer base. Trade accounts receivable of substantially all domestic business operations may be sold, on an ongoing basis, to TSPC.

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

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets. In accordance with Statement of Financial Accounting Standards No. 144, (SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company reviews, on a quarterly basis, the financial performance of each business unit for indicators of impairment. An impairment loss is recognized when the carrying value of an asset group exceeds the future net undiscounted cash flows expected to be generated by that asset group. The impairment loss recognized is the amount by which the carrying value of the asset group exceeds its fair value.

In connection with our review of other long-lived assets, we review definite-lived intangible assets on a quarterly basis, or more frequently if events or changes in circumstances indicate that their carrying amounts may not be recoverable. The factors considered by management in performing these assessments include current operating results, business prospects, customer retention, market trends, potential product obsolescence, competitive activities and other economic factors. Effective January 1, 2006, we reduced the estimated useful lives assigned to certain customer relationship intangibles as follows: 40 years to 25 or 20 years, 25 years to 20 years, and 15 years to 12 years. We determined that a reduction in estimated useful lives assigned to certain customer relationship intangibles was warranted as of that date to reflect our updated evaluation of the period of expected future benefit derived from these customer relationship intangibles. Customer relationship intangibles are amortized over periods ranging from 6 to 25 years, while technology and other intangibles are amortized over periods ranging from 1 to 30 years. The effect of this change increased amortization expense approximately \$2.4 million annually.

Goodwill and Indefinite-Lived Intangibles. We test goodwill and indefinite-lived intangible assets for impairment on an annual basis as required by Statement of Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142), by comparing the estimated fair value of each of our reporting units to their respective carrying values on our balance sheet. More frequent evaluations could become required under SFAS No. 142 if we experience changes in our business conditions. In assessing the recoverability of goodwill and indefinite-lived intangible assets, we estimate the fair value of each of our reporting units by calculating the present value of their expected future cash flows and other valuation measures. We then compare the estimates of fair value with the reporting unit's net asset carrying value on our balance sheet. If carrying value exceeds fair value, then a possible impairment of goodwill exists and further evaluation is performed.

The Company's accounting policy was to conduct the annual impairment test as of December 31st, with the most recent annual impairment test completed as of December 31, 2007. Effective in the second quarter of 2008, the Company changed its accounting policy to conduct the annual impairment test as of October 1st, with the testing to be conducted during the fourth quarter of each year. This change is preferable as it provides the Company additional time to complete the required testing and evaluate the results prior to the yearend closing and reporting activities and better enables the Company to comply with required reporting dates as an accelerated filer. The change in impairment

test dates had no impact on the Company's financial results or financial position for any period presented.

Goodwill is evaluated for impairment annually using management's operating budget and internal five-year forecast to estimate expected future cash flows. Discounting future cash flows requires us to make significant estimates regarding future revenues and expenses, projected capital expenditures, changes in working capital and the appropriate discount rate. The projections also take into account several factors including current and estimated economic trends and outlook, costs of raw materials, consideration of our market capitalization in comparison to the estimated fair values of our reporting units determined using discounted cash flow analyses and other factors which are beyond our control. At December 31, 2007, fair values of our reporting units were determined based upon the expected future cash flows discounted at weighted average costs of capital ranging from 11% – 17% and estimated residual growth rates ranging from 1% to 4%.

Future declines in sales and/or operating profit, declines in the Company's stock price, or other changes in our business or the markets for our products could result in further reductions in remaining useful lives for customer relationship intangibles or in impairments of goodwill and other intangible assets.

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

Income Taxes. Income taxes are accounted for using the provisions of FASB Statement of Financial Accounting Standards No. 109, (SFAS No. 109), "*Accounting for Income Taxes*," and FASB Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*." Deferred income taxes are provided at currently enacted income tax rates for the difference between the financial statement and income tax basis of assets and liabilities and carry-forward items. The effective tax rate and the tax bases of assets and liabilities reflect management's estimates based on then-current facts. On an ongoing basis, we review the need for and adequacy of valuation allowances if it is more likely than not that the benefit from a deferred tax asset will not be realized. We believe the current assumptions and other considerations used to estimate the current year effective tax rate and deferred tax positions are appropriate. However, actual outcomes may differ from our current estimates and assumptions.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we are exposed to market risk associated with fluctuations in foreign currency exchange rates. We are also subject to interest risk as it relates to long-term debt. See Item 2, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for details about our primary market risks, and the objectives and strategies used to manage these risks. Also see Note 10, "*Long-term Debt*," in the notes to the consolidated financial statements for additional information.

Item 4. Controls and Procedures

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

Evaluation of disclosure controls and procedures

As of June 30, 2008, an evaluation was carried out by management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934, (the "Exchange Act")) pursuant to Rule 13a-15 of the Exchange Act. Our disclosure controls and procedures are designed only to provide reasonable assurance that they will meet their objectives. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2008, the Company's disclosure controls and procedures are effective to provide reasonable assurance that they would meet their objectives.

Changes in disclosure controls and procedures

There have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

TRIMAS CORPORATION

Item 1. Legal Proceedings

A civil suit was filed in the United States District Court for the Central District of California in December 1988 by the United States of America and the State of California against more than 180 defendants, including us, for alleged release into the environment of hazardous substances disposed of at the Operating Industries, Inc. site in California. This site served for many years as a depository for municipal and industrial waste. The plaintiffs have requested, among other things, that the defendants clean up the contamination at that site. Consent decrees have been entered into by the plaintiffs and a group of the defendants, including us, providing that the consenting parties perform certain remedial work at the site and reimburse the plaintiffs for certain past costs incurred by the plaintiffs at the site. We estimate that our share of the clean-up costs will not exceed \$500,000, for which we have insurance proceeds. Plaintiffs had sought other relief such as damages arising out of claims for negligence, trespass, public and private nuisance, and other causes of action, but the consent decree governs the remedy. Based upon our present knowledge and subject to future legal and factual developments, we do not believe that this matter will have a material adverse effect on our financial position, results of operations or cash flows.

As of June 30, 2008, we were a party to approximately 817 pending cases involving an aggregate of approximately 7,704 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of our subsidiaries for use primarily in the petrochemical refining and exploration industries. The following chart summarizes the number of claimants, number of claims filed, number of claims dismissed, number of claims settled, the average settlement amount per claim and the total defense costs, exclusive of amounts reimbursed under our primary insurance, at the applicable date and for the applicable period:

	Claims pending at beginning of period	Claims filed during period	Claims dismissed during period	Claims settled during period	Average settlement amount per claim during period	Total defense costs during period
Fiscal year ended December 31, 2007	10,551	619	1,484	142	\$ 9,243	\$ 4,982,000
Six months ended June 30, 2008	9,544	415	2,208	47	\$ 2,509	\$ 2,161,000

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

We may be subjected to significant additional asbestos-related claims in the future, the cost of settling cases in which product identification can be made may increase, and we may be subjected to further claims in respect of the former activities of our acquired gasket distributors. We note that we are unable to make a meaningful statement concerning the monetary claims made in the asbestos cases given that, among other things, claims may be initially made in some jurisdictions without specifying the amount sought or by simply stating the requisite or maximum permissible monetary relief, and may be amended to alter the amount sought. The large majority of claims do not specify the amount sought. Of the 7,704 claims pending at June 30, 2008, 174 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). 141 of the 174 claims sought between \$1.0 million and \$5.0 million in total damages (which includes compensatory and punitive damages), 31 sought between \$5.0 million and \$10.0 million in total damages (which includes compensatory and punitive damages) and two sought over \$10.0 million (which includes compensatory and punitive damages). Solely with respect to compensatory damages, 145 of the 174 claims sought between \$50,000 and

\$600,000, 27 sought between \$1.0 million and \$5.0 million and two sought over \$5.0 million. Solely with respect to punitive damages, 142 of the 174 claims sought between \$0 and \$2.5 million, 31 sought between \$2.5 and \$5.0 million and one sought over \$5.0 million. In addition, relatively few of the claims have reached the discovery stage and even fewer claims have gone past the discovery stage.

Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 20 years ago, have been approximately \$5.2 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 50% of our costs related to settlement and defense of asbestos litigation have been covered by our primary insurance. Effective February 14, 2006, we entered into a coverage-in-place agreement with our first level excess carriers regarding the coverage to be provided to us for asbestos-related claims when the primary insurance is exhausted. The coverage-in-place agreement makes coverage available to us that might otherwise be disputed by the carriers and provides a methodology for the administration of asbestos litigation defense and indemnity payments. The coverage in place agreement allocates payment responsibility among the primary carrier, excess carriers and the Company's subsidiary.

Based on the settlements made to date and the number of claims dismissed or withdrawn for lack of product identification, we believe that the relief sought (when specified) does not bear a reasonable relationship to our potential liability. Based upon our experience to date and other available information (including the availability of excess insurance), we do not believe that these cases will have a material adverse effect on our financial position and results of operations or cash flows.

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

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part 1, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2007, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deemed to be immaterial also may materially adversely affect our business, financial position and results of operations or cash flows.

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

None of our securities have been issued or sold by us during the period covered by this report.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

We held our 2008 Annual Meeting of Shareholders on May 2, 2008. At the annual meeting, the shareholders voted on the following proposals:

1. The election of the nominees for the Board of Directors who will serve a term to expire at the 2011 Annual Meeting of Shareholders. The nominees Brian P. Campbell, Richard M. Gabrys and Eugene A. Miller were elected by a vote of the shareholders as follows:

	<u>For</u>	<u>Withhold</u>
Brian P. Campbell	30,605,819	117,789
Richard M. Gabrys	30,483,384	240,224
Eugene A. Miller	30,096,707	626,901

2. A proposal to ratify the appointment of KPMG LLP as independent registered public accounting firm for the Company for fiscal year 2008. The proposal was approved by a vote of shareholders as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
30,462,326	258,711	2,571

3. A proposal to approve the ratification of increase of shares reserved for issuance under the TriMas Corporation 2006 Long Term Equity Incentive Plan. The proposal was approved by a vote of shareholders as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker non-votes</u>
23,288,099	5,097,201	588	2,337,720

Item 5. Other Information

Not applicable.

Item 6. Exhibits.

Exhibits Index:

- 3.1(b)*** Fourth Amended and Restated Certificate of Incorporation of TriMas Corporation.
- 3.2(b)*** Second Amended and Restated By-laws of TriMas Corporation.
- 4.1(b) Indenture relating to the 9⁷/₈% senior subordinated notes, dated as of June 6, 2002, by and among TriMas Corporation, each of the Guarantors named therein and The Bank of New York as trustee.
- 4.2(b) Form of note (included in Exhibit 4.1(b)).
- 4.3(b) Registration Rights Agreement relating to the 9⁷/₈% senior subordinated notes issued June 6, 2002 dated as of June 6, 2002 by and among TriMas Corporation and the parties named therein.
- 4.4(b)* Registration Rights Agreement relating to the 9⁷/₈% senior subordinated notes issued December 10, 2002 dated as of December 10, 2002 by and among TriMas Corporation and the parties named therein.
- 4.5(d) Supplemental Indenture dated as of March 4, 2003.
- 4.6(e) Supplemental Indenture No. 2 dated as of May 9, 2003.
- 4.7(f) Supplemental Indenture No. 3 dated as of August 6, 2003.
- 4.8(u) Supplemental Indenture No. 4 dated as of February 28, 2008.
- 10.1(b) Stock Purchase Agreement dated as of May 17, 2002 by and among Heartland Industrial Partners, L.P., TriMas Corporation and Metaldyne Company LLC.
- 10.2(b) Amended and Restated Shareholders Agreement, dated as of July 19, 2002 by and among TriMas Corporation and Metaldyne Corporation.
- 10.3(o) Amendment No. 1 to Amended and Restated Shareholders Agreement dated as of August 31, 2006.
- 10.4(m) Credit Agreement dated as of June 6, 2002, as amended and restated as of August 2, 2006 among TriMas Corporation, TriMas Company LLC, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, and Comerica Bank, as Syndication Agent.
- 10.5(b) Receivables Purchase Agreement, dated as of June 6, 2002, by and among TriMas Corporation, the Sellers party thereto and TSPC, Inc., as Purchaser.
- 10.6(b) Receivables Transfer Agreement, dated as of June 6, 2002, by and among TSPC, Inc., as Transferor, TriMas Corporation, individually, as Collection Agent, TriMas Company LLC, individually as Guarantor, the CP Conduit Purchasers, Committed Purchasers and Funding Agents party thereto, and JPMorgan Chase Bank as Administrative Agent.
- 10.7(p) Amendment dated as of June 3, 2005, to Receivables Transfer Agreement.
- 10.8(j) Amendment dated as of July 5, 2005, to Receivables Transfer Agreement.
- 10.9(r) Amendment dated as of December 31, 2007, to Receivables Transfer Agreement.
- 10.10(s) Amendment dated as of February 22, 2008, to Receivables Transfer Agreement.

- 10.11(j) TriMas Receivables Facility Amended and Restated Fee Letter dated July 1, 2005.
- 10.12(u) TriMas Receivables Facility Amended and Restated Fee Letter dated February 22, 2008.
- 10.13(b) Lease Assignment and Assumption Agreement, dated as of June 21, 2002, by and among Heartland Industrial Group, L.L.C., TriMas Company LLC and the Guarantors named therein.
- 10.14(b) TriMas Corporation 2002 Long Term Equity Incentive Plan.
- 10.15(b)** Stock Purchase Agreement by and among 2000 Riverside Capital Appreciation Fund, L.P., the other Stockholders of HammerBlow Acquisition Corp. listed on Exhibit A thereto and TriMas Company LLC dated as of January 27, 2003.
- 10.16(c) Stock Purchase Agreement by and Among TriMas Company LLC and The Shareholders and Option Holders of Highland Group Corporation and FNL Management Corp. dated February 21, 2003.
- 10.17(e) Asset Purchase Agreement among TriMas Corporation, Metaldyne Corporation and Metaldyne Company LLC dated May 9, 2003.
- 10.18(e) Form of Sublease Agreement (included as Exhibit A in Exhibit 10.17 above).
- 10.19(g) Form of Stock Option Agreement.
- 10.20 Annual Value Creation Program.
- 10.21(l)* Form of Indemnification Agreement.
- 10.22(o) Amendment No. 1 to Stock Purchase Agreement, dated as of August 31, 2006 by and among Heartland Industrial Partners, L.P., TriMas Corporation and Metaldyne Corporation.
- 10.23 Amendment No. 2 to Stock Purchase Agreement, dated as of November 27, 2006 by and among Heartland Industrial Partners, L.P., TriMas Corporation and Metaldyne Corporation.
- 10.24(o) Advisory Agreement, dated June 6, 2002 between Heartland Industrial Partners, L.P. and TriMas Corporation.
- 10.25(p) First Amendment to Advisory Agreement, dated as of November 1, 2006 between Heartland Industrial Group, L.L.C. and TriMas Corporation.
- 10.26(p) Second Amendment to Advisory Agreement, dated as of November 1, 2006 between Heartland Industrial Group, L.L.C. and TriMas Corporation.
- 10.27(p) Management Rights Agreement.
- 10.28(k) Executive Severance/Change of Control Policy
- 10.29(q) TriMas Corporation 2006 Long Term Equity Incentive Plan
- 10.30(q) First Amendment to TriMas Corporation 2006 Long Term Equity Incentive Plan
- 10.31(q) Second Amendment to TriMas Corporation 2006 Long Term Equity Incentive Plan.
- 10.32(t) Separation Agreement dated April 10, 2008.
- 10.33(v) Letter Agreement dated April 28, 2008.
- 10.34 Letter Agreement dated July 1, 2008

18.1	KPMG LLP Accounting principles letter dated August 6, 2008.
31.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

-
- (a) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on May 14, 2003.
 - (b) Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed on October 4, 2002 (File No. 333-100351).
 - (b)* Incorporated by reference to the Exhibits filed with Amendment No. 2 to our Registration Statement on Form S-4, filed on January 28, 2003 (File No. 333-100351).
 - (b)** Incorporated by reference to the Exhibits filed with Amendment No. 3 to our Registration Statement or Form S-4, filed on January 29, 2003 (File No. 333-100351).
 - (b)*** Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q Quarterly Report, filed on August 3, 2007 (File No. 333-100351).
 - (c) Incorporated by reference to the Exhibits filed with our Form 8-K filed on February 25, 2003 (File No. 333-100351).
 - (d) Incorporated by reference to the Exhibits filed with our Annual Report on Form 10-K filed March 31, 2003 (File No. 333-100351).
 - (e) Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed June 9, 2003 (File No. 333-105950).
 - (f) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on August 14, 2003 (File No. 333-100351).
 - (g) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on November 12, 2003 (File No. 333-100351).
 - (h) Incorporated by reference to the Exhibits filed with our Form 8-K filed on December 27, 2004 (File No. 333-100351).
 - (i) Incorporated by reference to the Exhibits filed with our Form 8-K filed on October 3, 2005 (File No. 333-100351).
 - (j) Incorporated by reference to the Exhibits filed with our Form 8-K filed on July 6, 2005 (File No. 333-100351).
 - (k) Incorporated by reference to the Exhibits filed with our Form 8-K filed on November 22, 2006 (File No. 333-100351).
 - (l) Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-1, filed on March 25, 2004 (File No. 333-113917).
 - (l)* Incorporated by reference to the Exhibits filed with Amendment No. 3 to our Registration Statement on Form S-1, filed on June 29, 2004 (File No. 333-113917).
 - (m) Incorporated by reference to the Exhibits filed with our Form 8-K filed on August 3, 2006 (File No. 333-100351).
 - (n) Incorporated by reference to the Exhibits filed with our Quarterly Report on Form 10-Q filed on August 15, 2005 (File No. 333-100351).

- (o) Incorporated by reference to the Exhibits filed with Amendment No. 1 to our Registration Statement on Form S-1, filed on September 19, 2006 (File No. 333-136263).
- (p) Incorporated by reference to the Exhibits filed with Amendment No. 3 to our Registration Statement on Form S-1, filed on January 18, 2007 (File No. 333-136263).
- (q) Incorporated by reference to the Exhibits filed with the Registration Statement on Form S-8, filed on August 31, 2007 (File No. 333-145815).
- (r) Incorporated by reference to the Exhibits filed with our Form 8-K filed on January 4, 2008 (File No. 001-10716).
- (s) Incorporated by reference to the Exhibits filed with our Form 8-K filed on February 26, 2008 (File No. 001-10716).
- (t) Incorporated by reference to the Exhibits filed with our Form 8-K filed on April 10, 2008 (File No. 001-10716).
- (u) Incorporated by reference to the Exhibits filed with our Annual Report on Form 10-K filed on March 13, 2008 (File No. 001-10716).
- (v) Incorporated by reference to the Exhibits filed with our Form 8-K filed on June 2, 2008 (File No. 001-10716).

Signature

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

TRIMAS CORPORATION (Registrant)

Date: August 6, 2008

By: _____ /s/ A. MARK ZEFFIRO

A. Mark Zeffiro
Chief Financial Officer

QuickLinks

[PART I. FINANCIAL INFORMATION](#)

[Item 1. Financial Statements](#)

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[Item 3. Quantitative and Qualitative Disclosures About Market Risk](#)

[Item 4. Controls and Procedures](#)

[PART II. OTHER INFORMATION TRIMAS CORPORATION](#)

[Item 1. Legal Proceedings](#)

[Item 1A. Risk Factors](#)

[Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.](#)

[Item 3. Defaults Upon Senior Securities](#)

[Item 4. Submission of Matters to a Vote of Security Holders](#)

[Item 5. Other Information](#)

[Item 6. Exhibits.](#)



This publication describes the Annual Value Creation Plan, a discretionary bonus plan, for key employees of TriMas. Some of the AVC Plan's highlights include:

- *Participants are selected by the AVCP Committee.*
- *The Plan's financial targets are established through the annual budgeting process and are expressed as Incentive earnings before subtracting interest, taxes, depreciation and amortization—adjusted for asset management.*
- *You and your manager set individual performance targets.*
- *Target Plan awards may be 10% of pay or more, depending on position scope and responsibility. You may earn more or less than your target based on actual Company (and, as applicable, Unit performance) and individual performance relative to targets.*
- *For any Plan payment to be made in any year, Company performance results must be at least 90% of targeted results.*

The Annual Value Creation Plan (AVCP)

TriMas is committed to ensuring that our total compensation program is consistent with market competitive pay practices, while providing opportunities to attract and retain excellent performers essential to our business success. As a component of your total compensation, the Annual Value Creation Plan, a discretionary bonus plan, works to support our overall business objectives by aligning individual goals with the goals of shareholders and focusing attention on the key measures of success. This plan is designed to reward achievement of key business goals and individual performance based on your contributions.

Participation

The AVCP Committee identifies the specific positions that are eligible for participation in the AVCP. The AVCP Committee is made up of the CEO, CFO, and VP HR of TriMas. In general, the Committee will award eligibility to SBU leadership, facility leadership and their direct reports (depending on size of the operation), and corporate leadership.

Performance Measures

AVCP awards are based on "Group", "Unit", and "Individual" performance during the year.

Group and Unit Performance

As defined in the box on the following page, the AVCP uses Incentive EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") as the measure of Group and Unit performance. While there are many possible measures for performance, EBITDA was selected because it is a good measure of cash flow—the "fuel" for reinvestment in our businesses and valued by investors because cash flow provides resources for reinvestment. In addition, consideration is given to the year over year working capital change as it relates to the percentage of sales.

Each year, baseline performance levels for EBITDA are established through the business planning process and then adjusted for the year-over-year change in working capital to better reflect the importance of assets and asset management.

"Incentive EBITDA"

EBITDA (pronounced "E-BE-DA") is a measure of cash flow calculated as revenue minus expenses (before interest, taxes, depreciation and amortization). By excluding interest, taxes, depreciation and amortization from the expenses used in the calculation, the earnings figure that results is a good indication of the amount of money being brought into the Company.

For the AVCP, the annual EBITDA target is adjusted to reflect the cost of additional investment in the pursuit of EBITDA and to reward and encourage asset management. The adjustment is made as shown at right.

Here's how the Incentive EBITDA is measured for the AVCP:
Prior year average working capital as a percent of sales
minus
Current year average working capital as a percent of sales
equals
Year-over-year change in average working capital as a percent of sales
times
Current year sales
times
20%
equals
EBITDA
Incentive Factor

Individual Performance

At the beginning of each year, you and your immediate leader will establish three to five measurable goals that are consistent with organizational goals (and subject to approval by the next level of management). At the end of the year, individual performance will be measured relative to those goals. Each year, there may be a corporate-wide focus for some or all of the individual goals.

AVCP Steps—Beginning of the Year

At the beginning of each year, we go through the following five steps:

Beginning of Year—Step 1: Determine Your Target Award

Your AVCP target award is simply a percentage of your annual base salary. This percentage is based on your position and scope of responsibility.

Target Award Example:

Setting AVCP Target Award: Assume the employee's AVCP target is 10% of base salary, and that base salary is \$80,000. In this case, the employee's AVCP award target is \$8,000 (10% X \$80,000).

Beginning of Year—Step 2: Determine Position and Related Components

Your AVCP award will be made up of three components: 1) Group Incentive EBITDA, 2) Unit Incentive EBITDA, and 3) individual performance.

Beginning of Year – Step 3: Determine the Corresponding Component Weighting

Each component of your AVCP award has a "weighting" that indicates the component's relative importance to your overall Plan award, as summarized in the following chart:

Position	Group Weighting	Unit Weighting	Individual Weighting
Corporate/Group Controller	75% – TriMas	0%	25%
Group President	25% – TriMas	50% – Group Cequent/Energy/ISG/PSG	25%
SBU President/Local SBU (Cequent)	50% – Cequent	25% – Individual SBU (Cequent)	25%
SBU President/Local SBU (Cequent)	15% – Cequent	60% – Individual SBU (Cequent – TriMas Corporation Pty Ltd)	25%
SBU President/Local SBU (Energy)	15% – TriMas	60% – Individual SBU (Energy)	25%
SBU President/ Local SBU (ISG)	15% – TriMas	60% – Individual SBU (ISG)	25%
SBU President/ Local SBU (PSG)	15% – PSG	60% Individual SBU (PSG)	25%
SBU President/SBU Support (PTC)	15% – TriMas	60% – Individual SBU (PTC)	25%
Local SBU (PTC)	15% – PTC	60% Individual SBU (PTC)	25%

Component Weighting Example:

Assume an employee in an ISG Unit position has an AVCP target of \$8,000. The employee's target award is made up of the following components:

Group Incentive EBITDA	15% weight × \$8,000 = \$1,200
------------------------	--------------------------------

Unit Incentive EBITDA	60% weight × \$8,000 = \$4,800
Individual Performance	25% weight × \$8,000 = <u>\$2,000</u>
	\$8,000

Beginning of Year – Step 4: Determine Target Performance for the Year

The Plan's financial targets are established through the annual business planning process. At the beginning of the year you will receive information about the target for Group Incentive EBITDA in the coming year and, as applicable, the target for Unit Incentive EBITDA.

Beginning of Year – Step 5: Set Your Individual Goals for the Year

By February 15 of each year, you and your leader will set individual performance targets for the year. Your individual performance goals must be approved by the next higher level of management. Each year, there may be a corporate-wide focus on some or all of the individual goals.

AVCP Steps – End of the Year

At the end of each plan year, AVCP awards will be determined following these four steps:

End of Year – Step 1: Determine Actual Performance Result

Soon after the end of each Plan year, actual Group Incentive EBITDA, Unit Incentive EBITDA and individual performance results will be measured. Incentive EBITDA measures are compared to the targets determined in the business planning process, and individual performance results are compared to goals set at the beginning of the year.

Results for each of the categories are expressed as Actual Performance divided by Target Performance. In this way, 100% indicates performance targets were met for the measure; a percentage above 100% indicates performance targets were exceeded—below 100% means performance targets were not achieved.

Determine Actual Performance Example:

Assume the target for Unit EBITDA was \$10 million, and actual Unit Incentive EBITDA was \$11 million. Then performance results for Unit Incentive EBITDA equals 110% of target (\$11 million actual divided by \$10 million targeted = 1.10 or 110%).

End of Year – Step 2: Determine Corresponding Payment Factor

The AVCP then uses a "Performance Payment Factor" (see table, below) to determine a percentage of target award for each component (Group Incentive EBITDA, individual performance and, for Unit positions, Unit Incentive EBITDA).

<i>Percent of target achieved for a given component (see Step 1):</i>	<i>Performance Payment Factor:</i>
<90% of target	0% of target award
90% of target	50% of target award
95% of target	90% of target award
100% of target	100% of target award
105% of target	110% of target award
110% of target	120% of target award
115% of target	135% of target award
120% of target	150% of target award

120% of target	150% of target award
120% - 150% of target	150% of target award plus 3% for each additional 1% that performance exceeds 120% of target
>150% of target	240% of target award

No payment will be made for any award component when actual performance for that component is below the applicable threshold.

Regardless of results for other measures, if Corporate Incentive EBITDA falls below 50% for any year, there will be no AVCP awards paid for that year.

Results between the levels stated on the chart above will be interpolated, i.e., for actual results between the stated percentages, there will be a corresponding payment level between the stated payment factor percentages.

Determine Payment Factor Example:

Assume actual Group Incentive EBITDA is 120% of target. Using the Performance Payment Factor table, we can determine that 150% of the target award for the Group Incentive EBITDA component will be paid.

End of Year – Step 3: Multiply by Component Weighting

After determining the applicable Performance Payment Factor for each award component based on the actual results for Group Incentive EBITDA (and Unit Incentive EBITDA for Unit positions) and individual performance results, the Performance Payment Factors are multiplied by the applicable component weighting determined at the beginning of the year.

Component Weighting Example:

For an employee within the ISG unit with the following results for each performance category – Group Incentive EBITDA – 110% of target; Unit Incentive EBITDA – 120% of target; and Individual Performance – 100% of target – the Performance Payment Factors and the Component Weightings are multiplied as follows:

<i>Performance Category</i>	<i>Performance vs. Plan</i>	<i>Payment Factor</i>		<i>Component Weighting</i>		<i>Total</i>
Group Incentive EBITDA:	110%	120%	X	15%	=	18%
Unit Incentive EBITDA:	120%	150%	X	60%	=	90%
Individual Performance:	100%	100%	X	25%	=	25%

End of Year – Step 4: Sum of Weighted Payment Factors Equals Actual Award

The fourth and final step to determine the actual AVCP award is to sum the weighted performance payment factors for each component, then multiply the total by the target award amount, as illustrated in the following example.

Actual Award Example:

Assume you are an ISG unit employee with a total Plan award target of \$8,000. Also assume the following results are achieved for each performance category: Group Incentive EBITDA – 110% of target; Unit Incentive EBITDA – 120% of target; and Individual Performance – 100% of target. Given these assumptions, your actual AVCP award is determined to be 133% of the \$8,000 target award, or \$10,640.

The Annual Value Creation Plan

<i>Performance Category</i>	<i>Performance vs. Plan</i>	<i>Payment Factor</i>	<i>Component Weighting</i>		<i>Total</i>
Group Incentive EBITDA:	110%	120%	X	15%	= 18%
Unit Incentive EBITDA:	120%	150%	X	60%	= 90%
Individual Performance:	100%	100%	X	25%	= + 25%
				Total Weighted Performance:	133%
				Target Award:	\$8,000
				Actual Award:	\$10,640

Additional Information

Discretion of Payments

The AVCP Committee reserves the right to defer, increase/reduce, or cancel any payments under the plan at any time (including during a plan year) based on the best interests of the Corporation and its shareholders, including, but not limited to, circumstances relating to (1) individual performance, (2) the Corporation's financial performance, or (3) the Company's future performance objectives.

Prorated Awards

If you move between units within the year, your award will be calculated to reflect the time spent in each unit. Base Salary and AVCP percent will be based upon the unit you are employed in as of 12/31 (all transfers will be handled on a case by case basis). If you move into or out of an AVCP eligible position, you will receive a prorated award based on your salary while in an eligible position.

Payment of Awards

Payment will be made not later than the 3/15 after the prior plan year end 12/31.

Termination of Employment

If you terminate employment prior to the end of the fiscal year due to death, retirement or disability, you will be eligible for a pro-rata share when awards are paid. If you terminate for any other reasons prior to the plan payout, you forfeit your award for the plan year.

Administration

The AVCP Committee will administer the plan.

Future of the Plan

The AVCP Committee reserves the right to amend, interpret or cancel this discretionary plan at any time based on the best interests of the Company and its shareholders. This plan supercedes all prior documentation relating to the Annual Value Creation Plan.

Questions?

If you have questions about the Annual Value Creation Plan described here, or about any other aspect of your TriMas compensation program, contact your local Human Resources representative.

Note: At no time is this plan to be considered an employment contract between the participants and the Company. It does not guarantee participants the right of continued employment. It does not affect a participant's right to leave the Company or the Company's right to discharge a participant.

QuickLinks

[Exhibit 10.20](#)

[The Annual Value Creation Plan \(AVCP\)](#)

[The Annual Value Creation Plan](#)

[The Annual Value Creation Plan](#)

[The Annual Value Creation Plan](#)

AMENDMENT NO. 2
TO STOCK PURCHASE AGREEMENT

AMENDMENT NO. 2 (this "Amendment"), dated as of November 27, 2006, to the STOCK PURCHASE AGREEMENT, dated as of May 17, 2002 (as amended, the "Stock Purchase Agreement") by and among TRIMAS CORPORATION, a Delaware corporation, METALDYNE CORPORATION, a Delaware corporation, and HEARTLAND INDUSTRIAL PARTNERS, L.P. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Stock Purchase Agreement.

R E C I T A L S :

In consideration of the premises and mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A G R E E M E N T :

The parties agree as follows:

1. Amendments to Section 1.01. (a) Section 1.01 of the Stock Purchase Agreement is hereby amended by deleting clause (x) of the definition of "Company Liabilities" and replacing such clause in its entirety with the following:

"(x) all Liabilities of the Company or any Company Subsidiary not otherwise covered in the preceding clauses (i) through (ix) or in Section 9.01(c) or Section 9.02 and all other Liabilities determined to be Liabilities of the Company pursuant to Section 11.12."

(b) Section 1.01 of the Stock Purchase Agreement is hereby amended by deleting clause (vi) of the definition of "Parent Liabilities" and replacing such clause in its entirety with the following:

"(vi) all Liabilities of Parent or any of its Subsidiaries (other than the Company or the Company Subsidiaries) not otherwise covered in the preceding clauses (i) through (v) or in Section 9.01(c) or Section 9.02 and all other Liabilities determined to be Liabilities of Parent or any of its Subsidiaries (other than the Company or the Company Subsidiaries) pursuant to Section 11.12."

2. **Amendment to Section 7.08(b)**. Section 7.08(b) of the Stock Purchase Agreement is hereby amended by deleting clause (iii) thereof and replacing such clause in its entirety with the following:

"(iii) Allocable Taxes. To the extent that any income Taxes to which a Tax Return described in Section 7.08(a) relates are attributable to any income or gain resulting from any deferred intercompany transactions or pursuant to Treas. Reg. 1.1502-13 (and any predecessor, successor or similar provision) or any corresponding provision(s) of state law and to the Company or any of the Company Subsidiaries ceasing to be a member of a consolidated, combined or unitary group that includes Parent or any of its Affiliates (other than the Company or any of the Company Subsidiaries), those income Taxes shall be borne 57.99% by Parent and 42.01% by the Company. The procedures for payment by one party to the other provided in this Section 7.08(b) shall govern the payments of amounts determined under this Section 7.08(b)(iii)."

3. **Addition of Section 11.12**. The following provisions are hereby added to the Stock Purchase Agreement as a new Section 11.12:

"SECTION 11.12. *Resolution of Disputes Relating to Liabilities.*

(a) **Enforcement**. This Section 11.12 shall be construed and enforced in accordance with the Federal Arbitration Act, as in effect at the time of such enforcement, notwithstanding any other choice of law provision contained in this Agreement.

(b) **Negotiation**. If there is any dispute or disagreement between or among any of the parties with respect to whether any particular Liabilities constitute Company Liabilities or Parent Liabilities or a combination thereof (a "Dispute"), then the Dispute, upon the written request of either the Company or Parent to the other, shall be referred to representatives of such parties for decision, each party being represented by an individual who has the authority to resolve the Dispute (collectively, the "Representatives"). The Representatives shall promptly meet in a good faith effort to resolve the Dispute. All negotiations pursuant to this Section 11.12(b) shall be considered confidential settlement discussions, and none of the parties may offer into evidence, mention or otherwise use statements made in connection with such negotiations in any subsequent alternative dispute resolution proceeding. The parties agree that no arbitrator shall have the authority to consider any such statements. If, any time after the thirtieth (30th) day after the above-described written request for referral is delivered, either the Company or Parent believes that the Dispute cannot be resolved by the Representatives through negotiation, then such party may

submit the Dispute to arbitration under Section 11.12(c) by filing a request for arbitration with the American Arbitration Association, or such other nationally recognized alternative dispute resolution firm upon which the Company and Parent mutually agree in writing (the "ADR Firm"), and delivering a copy of such request for arbitration to the other party.

(c) Arbitration. Any Dispute submitted to arbitration under this Section 11.12(c) shall be finally settled by binding arbitration administered by the ADR Firm under the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), as amended by the provisions of this Section 11.12(c) (the "Arbitration Rules"). Service of any matters in reference to such arbitration shall be given in the manner described in Section 11.01. All proceedings related to such arbitration shall be held in Detroit, Michigan, unless the parties otherwise agree in writing. The matter shall be decided by one neutral arbitrator who shall be selected by the parties from the AAA panel list in accordance with the Arbitration Rules concerning appointment; if the parties are unable to agree upon a neutral arbitrator, one shall be chosen in accordance with such rules. The arbitrator shall give the parties written notice of his or her decision, with the legal and factual reasons therefore set out. If either the Company or Parent so requests within ten (10) calendar days after the decision is rendered, the arbitrator shall have thirty (30) calendar days thereafter to reconsider and modify such decision. Thereafter, the decision shall be final and binding with respect to all parties, including Buyer. A judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The Company and Parent agree to equally split the cost of any arbitration, including the administrative fee of the ADR Firm and the compensation of the arbitrator. The parties shall each bear all their own legal costs and expenses associated with the arbitration, including the fees and expenses of legal counsel and expert witnesses.

(d) Continued Performance. The fact that the dispute resolution procedures specified in this Section 11.12 shall have been or may be invoked shall not excuse any party from performing its obligations under this Agreement, and during the pendency of any such procedures, all parties shall continue to perform their respective obligations under this Agreement in good faith.

(e) Exclusivity. Notwithstanding the agreement to arbitrate contained in this Section 11.12, any party may apply to any court having jurisdiction to (i) enforce this agreement to arbitrate, and (ii) seek provisional injunctive relief so as to maintain the status quo until the arbitration award is rendered or the Dispute is otherwise resolved. Except as otherwise expressly set forth in a written

agreement among the parties, this Section 11.12 sets forth the exclusive method of resolving any Dispute."

4. Provisions of General Application; No Prejudice. Except as otherwise expressly provided by this Amendment, all of the terms, conditions and provisions to the Stock Purchase Agreement remain unaltered. Any determination made prior to the effective date of this Amendment by the chief executive officer of Parent with respect to the Liabilities of the parties pursuant to the original language of the Stock Purchase Agreement shall remain in effect and shall not be subject to any determination or re-determination under the provisions contained in this Amendment. The Stock Purchase Agreement and this Amendment shall be read and construed as one agreement. If any of the terms of this Amendment shall conflict in any respect with any of the terms of the Stock Purchase Agreement, the terms of this Amendment shall be controlling. This Amendment is without prejudice to any pending issues or disputes or unknown current situations as to which the amended language above relates.

5. Parent Representation and Covenant. As of date first above written, Parent, based on the actual knowledge of the officers listed on Schedule 5(a) attached hereto, represents and warrants that there are no Losses potentially subject to assertion or recovery by the Parent Indemnified Parties under Section 9.01(b) of the Stock Purchase Agreement or any other provision thereof, except for the Losses listed on Schedule 5(b) attached hereto. Parent covenants to deliver to the Company upon the effective date of this Amendment an update to Schedule 5(b), amended as necessary to make it true and complete as of the effective date of this Amendment based on the actual knowledge of the officers listed on Schedule 5(a) attached hereto after reasonable inquiry of such officers' direct reports.

6. Company Representation and Covenant. As of date first above written, the Company, based on the actual knowledge of the officers listed on Schedule 6(a) attached hereto, represents and warrants that there are no Losses potentially subject to assertion or recovery by the Company Indemnified Parties under Section 9.01(a) of the Stock Purchase Agreement or any other provision thereof, except for the Losses listed on Schedule 6(b) attached hereto. The Company covenants to deliver to Parent upon the effective date of this Amendment an update to Schedule 6(b), amended as necessary to make it true and complete as of the effective date of this Amendment based on the actual knowledge of the officers listed on Schedule 6(a) attached hereto after reasonable inquiry of such officers' direct reports.

7. Counterparts; Effectiveness; Captions. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. The captions of this Amendment are included for convenience of reference only, do not constitute a part hereof and shall be disregarded in the construction hereof. This Amendment shall become effective only upon the occurrence of the merger contemplated by the Amended and Restated Agreement and Plan of Merger dated as of November 27, 2006 (the "Plan of Merger") to which

Metaldyne Corporation is a party, together with any revisions to such merger as contemplated by any amendments, supplements, restatements or amendments and restatements to the Plan of Merger.

8. GOVERNING LAW. THE VALIDITY, CONSTRUCTION AND EFFECT OF THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW OF SUCH STATE.

9. Entire Agreement. This Amendment constitutes the full and entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements between such parties in respect of such subject matter.

TRIMAS CORPORATION

By: /s/ Joshua Sherbin

Name: Joshua A. Sherbin
Title: General Counsel

HEARTLAND INDUSTRIAL PARTNERS, L.P.

By: Heartland Industrial Associates L.L.C.,
its General Partner

By: /s/ Daniel P. Tredwell

Name: Daniel P. Tredwell
Title: Sr. Managing Director

METALDYNE CORPORATION

By: /s/ Thomas A. Amato

Name: Thomas A. Amato
Title: EVP Commercial Operations and
Business Development

Schedule 5(a)

Timothy D. Leuliette
Jeffrey M. Stafeil
Logan G. Robinson
Thomas A. Amato
Kimberly A. Kovac
Joseph Nowak
Thomas V. Chambers

Schedule 5(b)

1. The Company owes certain amounts to Parent as identified in the Company's Memorandum to Parent dated July 18, 2006 (the "July Memorandum"), including amounts for severance, accounts payable, BRP/SERP liability and NOLs. Parent has preliminarily reconciled the amounts reflected in the July Memorandum to the current balance of such amounts reflected in Parent's records as of January 9, 2007. Such reconciliation reflects Parent's determination that \$4,296,640.63 is owed by the Company. Parent may determine that additional amounts are owed by the Company as it continues to finalize its reconciliation. Further, additional amounts relating to these matters are expected to become due in the future from the Company. Additionally, the parties have confirmed Company's responsibility to reimburse Parent for its actual out-of-pocket costs associated with certain SERP expenses as set forth in the letter dated December 20, 2006, signed by Sam Valenti, the Chairman of the Company, which is attached hereto and incorporated herein by this reference.
 2. In 2006 Parent asserted claims against Company relating to certain post-retirement benefit obligations. Company has paid Parent \$1,098,314.75 for this obligation and has received an additional invoice for \$2,598.95, which is due the week of January 15, 2007, relating to this obligation. If further issues arise with regard to post-retirement obligations, Parent will seek indemnification from Company.
 3. A letter dated August 9, 2006 directed to Entegra Fasteners Corporation was received by Parent from Bradley Associates concerning alleged regulatory violations relating to a storage tank located at 321 Foster Avenue, Wood Dale, Illinois. This letter was forwarded to the Company on August 21, 2006. Parent believes that this matter is an obligation of the Company.
 4. Parent has been remitting payments on behalf of Grant Oil Tool Company pursuant to the Eighth Partial Consent Decree in the matter of United States v. Chevron, et al relating to the Operating Industries, Inc. Superfund site. Such payments totaled approximately \$6,000 from 2004 through August 29, 2006, and additional payments may have been made prior to 2004. Further, projected obligations of Grant Oil Tool Company of at least \$300,000 are anticipated to be due in the future. Parent is attempting to determine whether these obligations properly belong to the Company.
 5. Parent continues to investigate certain workers' compensation claims upon which it has been paying or has paid, to determine whether they are properly obligations of the Company. As of January 9, 2007, the results of the internal investigation indicate that \$52,610 has been paid on these claims to date, and it is anticipated that an additional \$49,465.58 will be paid in the future on these claims.
 6. Price Pfister has asserted certain claims against Parent and the Company relating to asbestos related claims. The Company is defending those claims and indemnifying Parent against them.
 7. On November 6, 2006, Parent was notified of a potential claim by the Environmental Protection Agency relating to the Dearborn Refining Site. Based on a review of the manifests associated with the waste on this site, it appears that Hi Low Products, a Company subsidiary, may be liable for the materials presently attributed to Parent by the EPA. Parent will be seeking indemnification from Company related to this claim.
-

8. Company has historically taken the responsibility for certain Superfund sites and Parent believes these sites remain an obligation of the Company and expects the Company to continue to monitor these sites, as required by the applicable governmental authorities. The Superfund sites include Stringfellow, California (for Price Pfister location); Monterey, California (former Operating Industries, Inc. location); Wayne Recycling & Reclamation in Indiana; Muskego Landfill in Wisconsin; Greer, South Carolina (former Aqua Tech Environmental location); Whittier, California (former Omega Chemical Corporation); Spring Valley Landfill; and Massachusetts Military Reservation in Cape Cod, MA.
9. Company has historically taken responsibility for certain remediation sites and Parent believes these sites remain an obligation of the Company and expects the Company to continue to monitor these sites, as required by the applicable governmental authorities. The remediation sites include Verona Well Fields, Winamac Industries (Winamac, Indiana); Westbar (Westbend, Wisconsin); NI West (Newark, NJ); Automotive Wheel (Brea, CA); Sportrack Automotive (Pt. Huron, MI); Eagle Window & Door (Dubuque, IA); and Steelcraft Plant 4 (Blue Ash, OH). Furthermore, Parent is reviewing the historical responsibility relating to Walker-McDonald (Greenville, TX) and Taylor Building Products (West Branch, MI) and believes that all or a portion of the liability relating to these sites may be an obligation of the Company.
10. This Schedule 5(b) is not intended to address amounts owed by the Company to Parent relating to various ongoing contractual relationships, including, by way of example only, the Parent's sale of software licenses to the Company, the purchase and sale of products, and any rebate agreements relating to shared services, such as the existing agreement with UPS. The terms and conditions applicable to each such contractual relationship shall govern.
11. The Parent reserves all rights with respect to disputing liability for the Losses alleged by the Company on Schedule 6(b) of this Agreement.

With reference to the Stock Purchase Agreement of May 17, 2002 among Heartland Industrial Partners L.P., Trimas Corporation and Metaldyne Corporation (Agreement), Section 7.09 (f)(1), says in part that the company (Trimas) will reimburse parent (Metaldyne) upon Metaldyne's written demand (accompanied by appropriate documentation) for 42.01% of Metaldyne's actual out-of-pocket costs paid to Corporate Employees (as defined) as supplemental executive retirement benefits. The relevant Corporate Employees are Lee Gardner, Timothy Wadhams, Keith Junk, Peter DeChants and David Liner. In addition, the Agreement requires Trimas to reimburse Metaldyne for 100% of supplemental executive retirement benefits paid to William Meyers. Bill Billig is not listed, so Trimas's obligation to reimburse Metaldyne for supplemental executive retirement benefits paid to Billig is governed by Section 1.01(x) of the Agreement for "all Liabilities not otherwise covered", which makes Trimas responsible for 42.01% of such liabilities. We believe that Trimas is already paying its appropriate percentages of the costs of retirement benefits paid to Mr. Meyers and Mr. Billig, who are retired.

As you are aware, the individuals identified above may contend that Metaldyne is required under an amended SERP passed by the outgoing Masco Tech board on November 21, 2000 to accelerate this SERP benefit and to pay the benefit earlier in the form of a lump sum to these individuals. We are contesting the validity of this enhanced SERP, including its acceleration concept.

This letter is to obtain your assurance that you will reimburse Metaldyne for the Trimas percentage (42.01%, or in the case of Mr. Meyers 100%) of the actual out-of-pocket cost of supplemental executive retirement benefits paid to or for the benefit of the individuals listed above, if and when Metaldyne is required to pay these potential accelerated SERP obligations, including in the event that we compromise these potential obligations.

Agreed and Accepted,

/s/ Sam Valenti
Sam Valenti, Chairman
Trimas Corporation

Schedule 6(a)

Grant Beard
Skip Autry
Joshua Sherbin
Robert Zalupski
Dwayne Newcom

Schedule 6(b)

1. The state of New Jersey has assessed the Company the amount of approximately \$64,100 for taxes due related to the years 2000 - 2002 as a result of a lack of timely response by the Parent to state revenue authority inquiries. The Parent has agreed to handle all correspondence and interface with the state revenue authorities. The Company believes that the tax liability in question would not have existed if the Parent had timely addressed initial requests from the State of New Jersey with respect to this matter.
 2. The Parent's amendment of certain tax returns for tax years prior to 2002 gave rise to tax refunds in the approximate amount of \$245,900 which the Company believes is due and owing from the Parent to the Company.
 3. The Company is currently investigating claims against Parent for costs in excess of \$500,000 related to Parent's retention of Hewitt & Associates as a third party administrator for health care benefits and the Company's subsequent transition to a suitable alternative provider.
 4. The Company reserves all rights with respect to disputing liability for the Losses alleged by the Parent on Schedule 5(b) of this Agreement.
-

QuickLinks

[Exhibit 10.23](#)

[AMENDMENT NO. 2 TO STOCK PURCHASE AGREEMENT](#)

[Schedule 5\(a\)](#)

[Schedule 6\(a\)](#)



July 1, 2008

VIA HAND DELIVERY AND OVERNIGHT DELIVERY

Jeffrey B. Paulsen

Dear Jeff:

The purpose of this letter ("Agreement") is to confirm our understanding and agreements regarding your separation from employment with TriMas Corporation ("TriMas"). For purposes of this Agreement, TriMas includes all of its subsidiaries and affiliates.

1. *Employment and Severance Benefits*

Your employment with TriMas will end on June 19, 2008 (the "Termination Date"). Except as noted below, TriMas, effective on the Termination Date, will discontinue your compensation and benefits, except that TriMas will pay you any accrued and unused vacation time for calendar year 2008.

In exchange for the agreements contained herein and after this Agreement becomes binding, TriMas will pay you the severance benefits described below in accordance with the TriMas Executive Severance/Change of Control Policy ("Benefits").

- (a) **Cash Compensation.** Base Compensation equal to one year of your current base compensation (\$350,000), less all applicable withholdings and similar taxes, paid to you in accordance with TriMas' regular payroll schedule and practices over the next twelve (12) months.
 - (b) **COBRA Continuation of Health Care.** Under the federal law known as COBRA, you are eligible to elect to continue your current medical benefits under TriMas' group benefits (including health, dental and prescription plans) for up to eighteen (18) months following the Termination Date for you and your spouse and dependents, provided you and all other covered individuals remain eligible for such coverage. If you timely elect to continue group health coverage under COBRA and subject to TriMas' COBRA policies, TriMas will reimburse you for the monthly employer portion of the COBRA insurance coverage for you, your spouse and dependents until the earlier of June 19, 2009 or the date on which you become eligible to receive any medical benefits under any plan or program of any other employer. You will be charged and responsible for payment of the COBRA premium equal to the employee portion of the premium for the selected coverage that you would have paid if you continued to be a TriMas employee. After the stated continuation period, you will be responsible for 100% of the total COBRA costs.
 - (c) **One-time payment.** In lieu of any obligation under the Executive Severance / Change of Control Policy to provide you outplacement assistance, TriMas will
-

provide you, upon your signature of this Agreement, a one time payment of \$10,000, less applicable taxes and withholdings and subject to the revocation period in Section 11 below.

- (d) AVCP. You will receive an AVCP benefit equal to your 2008 target bonus, plus an amount equal to your 2008 target bonus, less applicable withholdings and similar taxes pro-rated through your Termination Date, payable in twelve (12) equal installments. However, as a "specified employee" under Section 409A of the Internal Revenue Code, you are not entitled to receive payment of the AVCP benefit until six months have lapsed following your Termination Date. Commencing with the seventh month following your Termination Date, you will receive a cash payment equal to the first seven (7) installments, with the remaining installments paid monthly thereafter.
- (e) Restricted Stock; Performance Units. You will receive the pro-rata portion of your 2007 and 2008 Restricted Stock grants that would have vested as of the next vesting date following the Termination Date and pro-rated through your Termination Date. With respect to Performance Units awarded in 2008, provided that TriMas meets or exceeds 90% of the 2008 Incentive EBITDA Target, you will receive the number of Performance Units that would have vested as of the next vesting date following the Termination Date and pro-rated through your Termination Date. Except as stated above, Restricted Stock and Performance Units awarded to you in 2007 and 2008 shall be forfeited as of the Termination Date.

2. *Termination of Other Benefits.* Except as provided herein, you will not receive other benefits, and your right to participate in or receive any and all TriMas benefits will terminate on the Termination Date. No amounts paid under this Agreement shall constitute compensation for purposes of any such benefit plan. Your rights to any accrued and vested benefits under a qualified retirement plan shall be determined in accordance with the applicable plan document.

3. *Taxes.* Any payments made by TriMas hereunder are subject to applicable federal, state and local tax withholding. You agree that you are exclusively liable for the payment of any federal, state, local or other taxes that may be due as a result of any benefits received by you as provided in this Agreement.

4. *Confidentiality.* Upon the Termination Date, you will return to TriMas all originals and copies of TriMas documents and all TriMas property. You will continue to hold and treat as strictly confidential all Confidential Information. You acknowledge that TriMas would be immediately and irreparably harmed by an unauthorized disclosure of Confidential Information in such manner and extent that it would be difficult or impossible to ascertain with certainty the exact financial or economic damages. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, information (whether in tangible form or oral) relating to TriMas' business, finances, customers, suppliers, property, employees, technical information, concepts, ideas, trade secrets, plans, formulas, drawings, designs, processes, procedures, inventions, specifications, prototypes, samples, parts, data, and manufacturing techniques.

5. *Non-Competition.* You agree that you are subject to the restrictive covenants and remedies set forth on Attachment A, which is hereby incorporated into and made part of to this Agreement. You acknowledge that this Agreement provides additional and sufficient consideration for the release contained therein.

6. *Non-Solicitation.* For a period of one year following Termination Date, you shall not (i) directly or indirectly employ or solicit, or receive or accept the performance of services by, any active employee of TriMas or any of its subsidiaries who is employed primarily in connection with the business, except in connection with general, non-targeted recruitment efforts such as advertisements and job listings, or directly or indirectly induce any employee of TriMas to leave TriMas, or assist in any of the foregoing, or (ii) solicit for business (relating to the business) any person who is a customer or former customer of TriMas or any of its subsidiaries, unless such person shall have ceased to have been such a customer for a period of at least six (6) months.

7. *Cooperation.*

(a) You agree that you will not in any way criticize, disparage, attempt to discredit, demean or otherwise call into disrepute TriMas, or its successors, assigns, officers, directors, employees or agents, or any of TriMas' products or services.

(b) You agree that you will not assist any party other than TriMas in any claim, litigation, proceeding or investigation against TriMas or other Released Parties (as defined below), except as required by law. You further agree that if you believe any such action is required by law, you will first afford TriMas the opportunity to raise and obtain a ruling on any claim of attorney-client or other privilege, attorney work product protection, contractual or other defense that may be applicable.

(c) You agree to provide, at TriMas' reasonable expense, your cooperation to TriMas and the Released Parties in any existing or future claim, litigation, proceeding, investigation or other judicial, administrative or legislative matter in which your assistance may be desired by TriMas.

(d) You agree to sign the resignation form attached hereto as Attachment B.

8. *Release; Acknowledgments.*

(a) You release and discharge TriMas, its directors, officers, agents, employees (current and former), subsidiaries and any and all affiliate companies, as well as any successor to TriMas (the "Released Parties"), for yourself, your spouse, heirs, agents and assignees, from all claims, liabilities, demands, and causes of action, fixed or contingent and known or unknown, arising from your employment, or any condition or benefit related to your employment or as a result of your separation from employment which you ever had, now have or may have as of the date of signature of this Agreement. This includes, but is not limited to (i) claims arising under any written or oral agreement regarding compensation, benefits, or options or equity grants, (ii) claims arising under Title VII of the Civil Rights Act of 1964 or state civil rights statutes, the Age Discrimination in Employment Act ("ADEA"), the Older Worker Benefit Protection Act ("OWBPA"), the Americans with Disabilities Act, the Fair Labor Standards Act, the National Labor Relations Act, or the Employee Retirement Income Security Act, (iii) claims for breach of express or implied contract, breach of promise, promissory estoppel, loss of income, back pay, reinstatement, front pay, impairment of earning capacity, wrongful termination, defamation, libel, slander, discrimination, damage to reputation, fraud, violation of public policy, retaliation, negligent or intentional infliction of mental or emotional distress, intentional tort or any other federal, state or local common law or statutory claims, and all other claims and rights, whether in law or equity. It is the intention of the parties that this paragraph will be construed as broadly as possible; however, this paragraph does not include claims arising under state workers' compensation laws and state unemployment laws and does not waive rights or claims that may accrue after the date this Agreement is executed. This paragraph also does not affect your right

to file a charge or otherwise participate in an EEOC proceeding insofar as it is required by current EEOC regulations. You understand that TriMas will assert this Agreement as an affirmative defense against any claim asserted by you in any forum.

(b) In signing this Agreement, you agree to waive any rights you might have to pursue any claims against the Released Parties through any alternative dispute resolution process, or through any court or administrative agency, to the extent permitted by law, and further agree not to bring any suit or action in any court or administrative agency, to the extent permitted by law, against any of the Released Parties, arising out of or relating to the subject matter of this Agreement.

(c) You acknowledge that this Agreement provides additional and sufficient consideration for the release contained herein. You also acknowledge that the Benefits are not otherwise owed to you under any agreement, policy or practice.

9. *Nondisclosure.* You agree not to disclose the existence of this Agreement or any of its terms to any third parties other than your spouse, tax advisors, accountants and attorneys, or as otherwise required by law. If you disclose the contents of this Agreement to any person as permitted above, you shall use your best efforts to prevent all such persons from disclosing the contents of this Agreement. If any claim or demand is made to legally compel you to disclose the terms and conditions of this Agreement, you will promptly notify TriMas' General Counsel of such claim or demand before responding thereto, so that TriMas may take such action as it deems appropriate.

10. *References.* If you seek a reference for employment purposes, TriMas will provide you with a favorable written recommendation. Recommendation requests should be submitted to TriMas' President and Chief Executive Officer.

11. *Consideration Time and Revocation Period.*

(a) You acknowledge you have sufficient time, totaling forty-five (45) days from receipt of the Agreement together with Addendum, to determine if you wish to accept the terms. In the event you sign and return this Agreement before that time, you certify, by such execution, that you knowingly and voluntarily waive the right to the full time period, for reasons personal to you, with no pressure by TriMas to do so. TriMas has made no promises, inducements or threats to cause you to sign this Agreement before the end of the forty-five (45) day period.

(b) You understand that you may revoke this Agreement for a period of seven (7) calendar days following your execution of the Agreement. You understand that any revocation, in order to be effective, must be: (1) in writing and either postmarked within seven (7) days of your execution of the Agreement and addressed to General Counsel, TriMas Corporation, 39400 Woodward, Suite 130, Bloomfield Hills, MI 48304 or (2) hand-delivered within seven (7) days of your execution of the Agreement to TriMas' General Counsel at the address listed above. If revocation is by mail, certified mail, return receipt requested is required to show proof of mailing.

(c) No payments or benefits under this Agreement shall be made to you until after the seven (7) day revocation period has expired. If you do not revoke this Agreement within the seven (7) day revocation period, then this Agreement shall become fully and finally effective and the payments and benefits provided hereunder will be made to you in accordance with this Agreement.

12. *Receipt of Addendum.* You acknowledge receipt of the Addendum to this Agreement (delivered with the copy of this Agreement provided to you by overnight delivery, which lists the ages and job titles of both (a) the employees who are being offered at the present time a similar Separation Agreement, and (b) the employees who are not being offered at the present time a Separation Agreement.

13. *Complete Agreement.* In executing this Agreement, you are doing so knowingly and voluntarily and agree that you have not relied upon any oral statements by TriMas or its representatives, and that this Agreement, when signed by both parties, supersedes any and all prior written agreements between the parties regarding the terms of your employment or the termination of such employment. Any modification of this Agreement must be made in writing and signed by you and an authorized representative of TriMas and must specifically refer to and expressly modify this Agreement.

14. *Severability.* Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the remaining parts, terms or provisions shall not be affected thereby, and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement; provided that such court may, in lieu of finding any provision hereof to be unenforceable, illegal or invalid, modify any such provision to preserve to the greatest extent possible the intended effect of such provision while otherwise rendering it legal and enforceable.

15. *Choice of Law.* This Agreement shall be deemed to be made and entered into in the State of Michigan and shall in all respects be interpreted, enforced and governed under the laws of the State of Michigan, except if applicable federal law provides differently.

16. *Attorney.* You acknowledge that you have had the opportunity to review this Agreement with an attorney of your choosing and at your cost, and have been encouraged and given ample time to consult with your own legal counsel prior to executing this Agreement.

17. *Deadline for Acceptance.* You must accept this Agreement, by signing it within forty-five (45) days after original delivery to you, or the offer contained in this Agreement will be withdrawn.

18. *Consequences of Violation of Promise.* If you break the promise in paragraph 8 of this Agreement and file a lawsuit based on legal or equitable claims that you have released, it is expressly understood and agreed that the release and discharge is a complete defense to the lawsuit. If litigation is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable legal fees and costs incurred in the litigation. You expressly understand and acknowledge that claims, if any, by you under, and/or challenging this Agreement's validity under, the ADEA and/or the OWBPA are specifically excluded from and are not subject to the prevailing party, fee-shifting provision in this paragraph 18.

TriMas Corporation

/s/ Jeffrey B. Paulsen

Jeffrey B. Paulsen

Date: July 7, 2008

By: /s/ Grant H. Beard

Grant H. Beard
President and Chief Executive Officer

Date: July 7, 2008

Attachment A

By my signature below, I, Jeffrey B. Paulsen, (hereinafter "Executive"), accept the following covenants, in exchange for consideration provided under the Agreement with TriMas Corporation ("TriMas"), which Agreement incorporates these covenants.

(a) Executive acknowledges and recognizes the highly competitive nature of the business of TriMas and accordingly agrees that for the twelve (12) month period following the Termination Date, as defined in the Agreement, Executive shall not engage, either directly or indirectly, as a principal for Executive's own account or jointly with others, or as a stockholder in any corporation or joint stock association, or as a partner or member of a general or limited liability entity, or as an employee, officer, director, agent, consultant or in any other advisory capacity in any business which designs, develops, manufactures, distributes, sells or markets the type of products or services sold, distributed or provided by TriMas ("the Business"); provided that nothing herein shall prevent Executive from owning, directly or indirectly, not more than five percent (5%) of the outstanding shares of, or any other equity interest in, any entity engaged in the Business and listed or traded on a national securities exchanges or in an over-the-counter securities market.

(b) It is expressly understood and agreed that although Executive and TriMas consider the restrictions contained in this Attachment A to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Attachment A shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any tribunal of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(c) Executive acknowledges and agrees that TriMas' remedies at law for a breach or threatened breach of any of the provisions of this Attachment A would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, Executive shall forfeit all payments otherwise due under the letter agreement or any consulting agreement between executive and the company and shall return any payments made under the letter agreement and consulting agreement. Moreover, TriMas, without posting any bond, shall be entitled to seek equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

/s/ Jeffrey B. Paulsen

Jeffrey B. Paulsen

Date: July 7, 2008

Attachment B

I, Jeffrey B. Paulsen, hereby resign with effect from June 19, 2008 from all officer and/or director positions of TriMas Corporation and its affiliates and subsidiaries, including all foreign entities.

/s/ Jeffrey B. Paulsen

Jeffrey B. Paulsen

QuickLinks

[Exhibit 10.34](#)

[Attachment A](#)

[Attachment B](#)

August 6, 2008

TriMas Corporation
Bloomfield Hills, Michigan

Ladies and Gentlemen:

We have been furnished with a copy of the quarterly report on Form 10-Q of TriMas Corporation (the "Company") for the three months ended June 30, 2008, and have read the Company's statements contained in Note 6 to the condensed consolidated financial statements included therein. As stated in Note 6, the Company changed its method of accounting to complete its annual goodwill impairment test as of October 1st rather than the historical December 31st date, and states that the newly adopted accounting principle is preferable in the circumstances because it provides the Company additional time to complete the required testing and evaluate the results prior to the yearend closing and reporting activities and better enables the Company to comply with required reporting dates as an accelerated filer. In accordance with your request, we have reviewed and discussed with Company officials the circumstances and business judgment and planning upon which the decision to make this change in the method of accounting was based.

We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2007, nor have we audited the information set forth in the aforementioned Note 6 to the condensed consolidated financial statements; accordingly, we do not express an opinion concerning the factual information contained therein.

With regard to the aforementioned accounting change, authoritative criteria have not been established for evaluating the preferability of one acceptable method of accounting over another acceptable method. However, for purposes of the Company's compliance with the requirements of the Securities and Exchange Commission, we are furnishing this letter.

Based on our review and discussion, with reliance on management's business judgment and planning, we concur that the newly adopted method of accounting is preferable in the Company's circumstances.

Very truly yours,

(Signed) KPMG LLP

QuickLinks

[Exhibit 18.1](#)

Certification
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002
(Chapter 63, Title 18 U.S.C. Section 1350(A) and (B))

I, Grant H. Beard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TriMas Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2008

/s/ GRANT H. BEARD

Grant H. Beard
Chief Executive Officer

Certification
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002
(Chapter 63, Title 18 U.S.C. Section 1350(A) and (B))

I, A. Mark Zeffiro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TriMas Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2008

/s/ A. MARK ZEFFIRO

A. Mark Zeffiro
Chief Financial Officer

**Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of TriMas Corporation (the "Company") on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Grant H. Beard, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2008

/s/ GRANT H. BEARD

Grant H. Beard
Chief Executive Officer

**Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of TriMas Corporation (the "Company") on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, A. Mark Zeffiro, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2008

/s/ A. MARK ZEFFIRO

A. Mark Zeffiro
Chief Financial Officer
