

TRIMAS CORP
Form 10-Q
November 09, 2009

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**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 September 30, 2009

Or

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

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

TRIMAS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period

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that the registrant was required to submit and post such files). Yes No

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

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

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

As of November 9, 2009, the number of outstanding shares of the Registrant's common stock, \$.01 par value, was 33,578,324 shares.

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Forward-Looking Statements

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

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

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

You should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2008, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deemed to be immaterial also may materially adversely affect our business, financial position and results of operations or cash flows.

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

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****TriMas Corporation****Consolidated Balance Sheet****(Unaudited dollars in thousands)**

	September 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,770	\$ 3,910
Receivables, net of reserves of approximately \$6.0 million and \$5.7 million as of September 30, 2009 and December 31, 2008, respectively	99,360	104,760
Inventories	141,830	188,950
Deferred income taxes	16,970	16,970
Prepaid expenses and other current assets	6,680	7,430
Assets of discontinued operations held for sale	2,700	26,200
Total current assets	292,310	348,220
Property and equipment, net	170,760	181,570
Goodwill	196,520	202,280
Other intangibles, net	168,700	178,880
Other assets	15,720	19,270
Total assets	\$ 844,010	\$ 930,220
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities, long-term debt	\$ 6,640	\$ 10,360
Accounts payable	79,650	111,810
Accrued liabilities	73,710	66,340
Liabilities of discontinued operations	1,240	1,340
Total current liabilities	161,240	189,850
Long-term debt	518,740	599,580
Deferred income taxes	45,680	51,650
Other long-term liabilities	44,610	34,240
Total liabilities	770,270	875,320
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: 33,578,324 shares at September 30, 2009 and 33,620,410 shares at December 31, 2008	330	330

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Paid-in capital	527,330	527,000
Accumulated deficit	(499,020)	(510,160)
Accumulated other comprehensive income	45,100	37,730
Total shareholders' equity	73,740	54,900
Total liabilities and shareholders' equity	\$ 844,010	\$ 930,220

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

Table of Contents**TriMas Corporation****Consolidated Statement of Operations**

(Unaudited dollars in thousands, except for share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Net sales	\$ 203,730	\$ 260,730	\$ 615,090	\$ 808,160
Cost of sales	(146,300)	(192,100)	(462,210)	(593,580)
Gross profit	57,430	68,630	152,880	214,580
Selling, general and administrative expenses	(37,280)	(41,160)	(112,930)	(128,740)
Gain (loss) on dispositions of property and equipment	20	50	180	(160)
Operating profit	20,170	27,520	40,130	85,680
Other income (expense), net:				
Interest expense	(10,760)	(13,570)	(34,560)	(42,160)
Gain on extinguishment of debt	1,180		28,250	
Other, net	(190)	(480)	(1,710)	(3,010)
Other income (expense), net	(9,770)	(14,050)	(8,020)	(45,170)
Income from continuing operations before income tax expense	10,400	13,470	32,110	40,510
Income tax expense	(3,890)	(5,410)	(12,230)	(15,150)
Income from continuing operations	6,510	8,060	19,880	25,360
Income (loss) from discontinued operations, net of income tax benefit (expense)	(680)	260	(8,740)	280
Net income	\$ 5,830	\$ 8,320	\$ 11,140	\$ 25,640
Earnings per share basic:				
Continuing operations	\$ 0.19	\$ 0.24	\$ 0.59	\$ 0.76
Discontinued operations, net of income tax benefit (expense)	(0.02)	0.01	(0.26)	0.01
Net income per share	\$ 0.17	\$ 0.25	\$ 0.33	\$ 0.77
Weighted average common shares basic	33,496,634	33,420,560	33,480,747	33,413,214
Earnings per share diluted:				
Continuing operations	\$ 0.19	\$ 0.24	\$ 0.59	\$ 0.76
Discontinued operations, net of income tax benefit (expense)	(0.02)	0.01	(0.26)	0.01
Net income per share	\$ 0.17	\$ 0.25	\$ 0.33	\$ 0.77
Weighted average common shares diluted	34,007,846	33,469,027	33,752,210	33,441,448

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

Table of Contents**TriMas Corporation****Consolidated Statement of Cash Flows****(Unaudited dollars in thousands)**

	Nine months ended September 30,	
	2009	2008
Net income	\$ 11,140	\$ 25,640
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition impact:		
(Gain) loss on dispositions of property and equipment	(180)	40
Depreciation	22,440	20,740
Amortization of intangible assets	10,970	11,700
Amortization of debt issue costs	1,680	1,840
Deferred income taxes	3,740	9,360
Gain on extinguishment of debt	(28,250)	
Non-cash compensation expense	330	1,160
Reductions in sale of receivables and receivables securitization	(15,690)	(26,730)
(Increase) decrease in receivables	24,600	(19,270)
(Increase) decrease in inventories	51,690	(7,640)
Decrease in prepaid expenses and other assets	1,860	4,370
Increase (decrease) in accounts payable and accrued liabilities	(18,440)	4,690
Other, net	1,750	(3,110)
Net cash provided by operating activities, net of acquisition impact	67,640	22,790
Cash Flows from Investing Activities:		
Capital expenditures	(10,850)	(20,100)
Acquisition of businesses, net of cash acquired		(6,350)
Net proceeds from disposition of businesses and other assets	23,100	2,260
Net cash provided by (used for) investing activities	12,250	(24,190)
Cash Flows from Financing Activities:		
Repayments of borrowings on term loan facilities	(2,370)	(4,270)
Proceeds from term loan facilities		490
Proceeds from borrowings on revolving credit facilities	677,930	346,160
Repayments of borrowings on revolving credit facilities	(690,740)	(341,130)
Retirement of senior subordinated notes	(43,850)	
Net cash provided by (used for) financing activities	(59,030)	1,250
Cash and Cash Equivalents:		
Increase (decrease) for the period	20,860	(150)
At beginning of period	3,910	4,800
At end of period	\$ 24,770	\$ 4,650
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 25,460	\$ 32,240
Cash paid for taxes	\$ 6,730	\$ 6,460

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

Table of Contents**TriMas Corporation****Consolidated Statement of Shareholders' Equity****Nine Months Ended September 30, 2009****(Unaudited dollars in thousands)**

	Common Stock	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balances, December 31, 2008	\$ 330	\$ 527,000	\$ (510,160)	\$ 37,730	\$ 54,900
Comprehensive income:					
Net income			11,140		11,140
Amortization of defined benefit plan deferred losses (net of tax of \$0.01 million) (Note 14)				10	10
Foreign currency translation				8,230	8,230
Net losses on derivative instruments (net of tax of \$0.5 million) (Note 9)				(870)	(870)
Total comprehensive income					18,510
Non-cash compensation expense		330			330
Balances, September 30, 2009	\$ 330	\$ 527,330	\$ (499,020)	\$ 45,100	\$ 73,740

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

Table of Contents**TRIMAS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(unaudited)****1. Basis of Presentation**

TriMas Corporation ("TriMas" or the "Company"), and its consolidated subsidiaries, is a global manufacturer and distributor of products for commercial, industrial and consumer markets. The Company is principally engaged in five reportable segments with diverse products and market channels: Packaging, Energy, Aerospace & Defense, Engineered Components and Cequent. See Note 11, "Segment Information," for further information on each of the Company's reportable segments.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and in the opinion of management, contain all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of financial position and results of operations. Results of operations for interim periods are not necessarily indicative of results for the full year. Certain prior year amounts have been reclassified to conform with the current year presentation. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the Company's 2008 Annual Report on Form 10-K.

2. Discontinued Operations and Assets Held for Sale

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

During the fourth quarter of 2007, the Company committed to a plan to sell its property management line of business. Although the business has not yet been sold, the Company continues to actively market the business and has adjusted its sales price expectations, consistent with the changes in the current economic conditions. As such, the Company continues to report the property management business as discontinued operations and assets held for sale for all periods presented.

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

Results of discontinued operations are summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(dollars in thousands)		(dollars in thousands)	
Net sales	\$ 670	\$ 15,930	\$ 9,470	\$ 44,010
Income (loss) from discontinued operations before income tax expense	\$ (1,150)	\$ 410	\$ (14,320)	\$ 440
Income tax (expense) benefit	470	(150)	5,580	(160)
Income (loss) from discontinued operations, net of income tax expense	\$ (680)	\$ 260	\$ (8,740)	\$ 280

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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

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

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
Receivables, net	\$ 210	\$ 680
Inventories, net		7,750
Prepaid expenses and other assets		7,650
Property and equipment, net	2,490	10,120
Total assets	\$ 2,700	\$ 26,200
Accounts payable	\$ 70	\$ 90
Accrued liabilities and other	1,170	1,250
Total liabilities	\$ 1,240	\$ 1,340

3. Mosinee Plant Closure

In March 2009, the Company announced plans to close its manufacturing facility in Mosinee, Wisconsin, moving production and distribution functions currently in Mosinee to lower-cost manufacturing facilities or to third-party sourcing partners. As of September 30, 2009, the Company has moved a significant portion of the production and distribution functions to other locations or third-parties, and expects to cease operations in Mosinee during the fourth quarter of 2009, with the move completed by mid 2010. In connection with this action, the Company recorded a pre-tax charge within its Cequent segment of approximately \$1.6 million in the first quarter of 2009, primarily related to cash costs for severance benefits for approximately 160 employees to be involuntarily terminated as part of the closure. As of September 30, 2009, the Company had paid approximately \$0.5 million of severance benefits, with the remaining \$1.1 million expected to be paid by mid 2010.

In addition, the Company incurred pre-tax, non-cash charges of approximately \$0.5 million and \$2.2 million, respectively, in the three and nine months ended September 30, 2009, related to accelerated depreciation expense as a result of shortening the expected useful lives on certain machinery and equipment assets that the Company will no longer utilize following the closure.

The Company's manufacturing facility in Mosinee is subject to a lease agreement expiring in 2022. The Company is currently assessing the potential recoverability of its future lease obligations for this facility, and will record an estimate of any future unrecoverable lease obligations upon the cease use date of the facility.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

4. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the nine months ended September 30, 2009 are summarized as follows:

	Packaging	Energy	Aerospace & Defense	Engineered Components	Cequent	Total
	(dollars in thousands)					
Balance, December 31, 2008	\$ 113,760	\$ 44,980	\$ 43,540	\$	\$	\$ 202,280
Purchase accounting adjustments	(740)	(5,990)	(2,410)			(9,140)
Foreign currency translation and other	2,730	650				3,380
Balance, September 30, 2009	\$ 115,750	\$ 39,640	\$ 41,130	\$	\$	\$ 196,520

During the second quarter of 2009, the Company identified a balance sheet gross-up of goodwill and deferred tax liabilities in the amount of \$9.1 million and \$8.5 million, respectively, which were incorrectly established in purchase accounting for business combinations occurring prior to 2004. Management corrected the affected accounts in the second quarter of 2009, which resulted in a non-cash charge to income tax expense of \$0.6 million.

The gross carrying amounts and accumulated amortization of the Company's other intangibles as of September 30, 2009 and December 31, 2008 are summarized below. The Company amortizes these assets over periods ranging from 1 to 30 years.

Intangible Category by Useful Life	As of September 30, 2009		As of December 31, 2008	
	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
	(dollars in thousands)			
Customer relationships:				
5 - 12 years	\$ 25,920	\$ (17,960)	\$ 25,600	\$ (16,140)
15 - 25 years	154,610	(59,190)	154,610	(53,010)
Total customer relationships	180,530	(77,150)	180,210	(69,150)
Technology and other:				
1 - 15 years	25,770	(21,560)	25,570	(19,890)
17 - 30 years	42,340	(16,220)	42,000	(14,700)
Total technology and other	68,110	(37,780)	67,570	(34,590)
Trademark/Trade names (indefinite life)	34,990		34,840	
	\$ 283,630	\$ (114,930)	\$ 282,620	\$ (103,740)

Amortization expense related to technology and other intangibles was approximately \$1.0 million for each of the three month periods ended September 30, 2009 and 2008, respectively, and \$3.0 million and \$2.9 million for the nine months ended September 30, 2009 and 2008, respectively. These amounts are included in cost of sales in the accompanying consolidated statement of operations. Amortization expense related to customer relationship intangibles was approximately \$2.7 million for each of the three month periods ended September 30, 2009 and 2008, respectively, and \$8.0 million for each of the

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

4. Goodwill and Other Intangible Assets (Continued)

nine month periods ended September 30, 2009 and 2008, respectively. These amounts are included in selling, general and administrative expenses in the accompanying consolidated statement of operations.

5. Accounts Receivable Securitization

TriMas is party to a 364-day receivable 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. TSPC from time to time may sell an undivided fractional ownership interest in the pool of receivables up to approximately \$55.0 million to a third party multi-seller receivables funding company. As of September 30, 2009 and December 31, 2008, the Company's funding under the facility was approximately \$0 and \$20.0 million, respectively, with an additional \$29.8 million and \$30.9 million, respectively, available but not utilized. The Company had pledged receivables of approximately \$66.2 million and \$79.5 million under the program as of September 30, 2009 and December 31, 2008, respectively, which are included in receivables in the accompanying consolidated balance sheet. 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, including a usage fee (4.50% and 1.05% as of September 30, 2009 and 2008, respectively), a fee on the unused portion of the facility (2.25% and 0.50% as of September 30, 2009 and 2008, respectively), and cost of funds fees (see below), which amounted to a total of \$0.3 million and \$0.6 million for the three months ended September 30, 2009 and 2008, respectively, and \$0.9 million and \$1.9 million for the nine months ended September 30, 2009 and 2008, respectively. Such amounts are included in other expense, net in the accompanying consolidated statement of operations. This facility expires on February 12, 2010.

The cost of funds fees 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 September 30, 2009 and 2008, the costs of funds fees were based on an average liquidation period of the portfolio of approximately 1.3 months, and an average discount rate of 2.6% and 2.2%, at September 30, 2009 and 2008, respectively.

In addition, the Company from time to time may sell an undivided interest in accounts receivable under factoring arrangements at three of its European subsidiaries. As of September 30, 2009 and December 31, 2008, the Company's funding under these arrangements was approximately \$4.3 million and \$3.2 million, respectively. Sales of the European subsidiaries' accounts receivable were sold at a discount from face value of approximately 1.2% and 3.4%, at September 30, 2009 and 2008, respectively. Costs associated with these transactions were approximately \$0.1 million for each of the three month periods ended September 30, 2009 and 2008, and \$0.2 million and \$0.3 million for the nine months ended September 30, 2009 and 2008, respectively, and are included in other expense, net in the accompanying consolidated statement of operations.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

6. Inventories

Inventories consist of the following:

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
Finished goods	\$ 94,390	\$ 119,980
Work in process	17,910	23,250
Raw materials	29,530	45,720
Total inventories	\$ 141,830	\$ 188,950

7. Property and Equipment, Net

Property and equipment, net, consists of the following:

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
Land and land improvements	\$ 2,420	\$ 4,920
Buildings	44,790	44,470
Machinery and equipment	289,360	279,580
	336,570	328,970
Less: Accumulated depreciation	165,810	147,400
Property and equipment, net	\$ 170,760	\$ 181,570

Depreciation expense was approximately \$6.9 million and \$21.1 million, and \$6.5 million and \$19.7 million for the three and nine months ended September 30, 2009 and 2008, respectively, of which \$6.3 million and \$18.9 million, and \$5.6 million and \$16.7 million, respectively, is included in cost of sales in the accompanying statement of operations, and \$0.6 million and \$2.2 million, and \$0.9 million and \$3.0 million, respectively, is included in selling, general and administrative expenses in the accompanying statement of operations.

8. Long-term Debt

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

	September 30, 2009	December 31, 2008
	(dollars in thousands)	
U.S. bank debt	\$ 252,200	\$ 262,580
Non-U.S. bank debt and other	17,040	18,220
9 ⁷ / ₈ % senior subordinated notes, due June 2012	256,140	329,140
	525,380	609,940
	6,640	10,360

Less: Current maturities,
long-term debt

Long-term debt	\$	518,740	\$	599,580
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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

8. 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 Company is also able to issue letters of credit, not to exceed \$65.0 million in aggregate, against its revolving credit facility commitments.

At September 30, 2009 and December 31, 2008, the Company had \$0 and \$8.5 million, respectively, outstanding under its revolving credit facility and had an additional \$118.8 million and \$107.4 million, respectively, of capacity potentially available after giving effect to the \$31.2 million and \$34.1 million, respectively, 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 \$130.9 million and \$127.9 million of capacity available to it under its revolving credit facility and receivables securitization for general corporate purposes as of September 30, 2009 and December 31, 2008, respectively.

The weighted average interest rate on borrowings under the Credit Facility was 3.8% and 5.4% at September 30, 2009 and December 31, 2008, respectively.

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 \$336.2 million and \$369.4 million at September 30, 2009 and December 31, 2008, respectively, are presented in the financial information in Note 17, "*Supplemental Guarantor Condensed Consolidating Financial Information.*" The Credit Facility also contains various negative and affirmative covenants and other requirements affecting the Company and its subsidiaries. The Company was in compliance with its covenants at September 30, 2009.

The Company's term loan facility traded at approximately 92.5% and 58.0% of par value as of September 30, 2009 and December 31, 2008, respectively.

Non-U.S. Bank Debt

In the United Kingdom, the Company's subsidiary is party to a revolving debt agreement which is secured by a letter of credit under the Credit Facility. At September 30, 2009, the balance outstanding under this arrangement was \$0.7 million at an interest rate of 2.0%. At December 31, 2008, the balance outstanding under this agreement was approximately \$0.3 million at an interest rate of 3.5%.

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 September 30, 2009, the balance outstanding under this agreement was \$1.9 million at an interest rate of 1.5%. At December 31, 2008, the balance outstanding under this agreement was approximately \$2.2 million at an interest rate of 3.6%.

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 September 30, 2009, the balance outstanding under this agreement was \$14.1 million at a weighted average interest rate of 6.1%. At

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

8. Long-term Debt (Continued)

December 31, 2008, the balance outstanding under this agreement was approximately \$15.3 million at an interest rate of approximately 5.9%.

Notes

During the three and nine months ended September 30, 2009, the Company utilized approximately \$8.7 million and \$43.8 million, respectively, of cash on hand to retire \$10.0 million and \$73.2 million, respectively, of face value 9⁷/₈% senior subordinated notes due in 2012 (Notes). In connection with these transactions, the Company recorded a net gain in the three and nine months ended September 30, 2009 of approximately \$1.2 million and \$28.3 million, respectively, after considering non-cash debt extinguishment costs of \$0.1 million and \$1.1 million, respectively.

The Notes indenture contains negative and affirmative covenants and other requirements that are comparable to those contained in the Credit Facility. At September 30, 2009, the Company was in compliance with all such covenant requirements.

The Company's senior subordinated notes traded at approximately 90.3% and 51.5% of par value as of September 30, 2009 and December 31, 2008, respectively.

9. Derivative Instruments

The Company is exposed to interest rate risk associated with fluctuations of the interest rate on its variable rate debt. To manage this risk, the Company enters into interest rate swaps to hedge cash flows associated with the variable rate debt. The Company formally documents qualifying hedged transactions and hedging instruments, and assesses, both at inception of the contract and on an ongoing basis, whether the hedging instruments are effective in offsetting changes in cash flows of the hedged transaction. The Company does not enter into derivative instrument agreements for speculative purposes.

In February 2008, the Company entered into an interest rate swap agreement effective April 2008 to fix the LIBOR-based variable portion of the interest rate on \$125.0 million notional amount of its term loan facility at 2.73% through October 2009. In January 2009, the Company entered into two additional interest rate swap agreements. The first of these swaps was effective in January 2009 and fixes the LIBOR-based variable portion of the interest rate on \$75.0 million notional amount of its term loan facility at 1.39% through January 2011. The second of these swaps is effective in October 2009 and fixes the LIBOR-based variable portion of the interest rate on \$125.0 million notional amount of its term loan facility at 1.91% through July 2011. The Company has formally designated these swap agreements as cash flow hedges and expects the hedges to be highly effective in offsetting fluctuations in the designated interest payments resulting from changes in the benchmark interest rate.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

9. Derivative Instruments (Continued)

As of September 30, 2009 and December 31, 2008, the fair value carrying amounts of the Company's derivative instruments are recorded as follows:

Balance Sheet Caption	Asset Derivatives		Liability Derivatives	
	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
	(dollars in thousands)			
Derivatives designated as hedging instruments				
Interest rate contracts	Accrued liabilities	\$	\$	\$ 1,610
Interest rate contracts	Other long-term liabilities			940
Total derivatives designated as hedging instruments		\$	\$	\$ 2,550
				\$ 1,160

Activity related to derivative instruments within accumulated other comprehensive income for the three and nine months ended September 30, 2009 is summarized as follows:

	Three months ended September 30, 2009			Nine months ended September 30, 2009		
	Pre-tax	Tax Effect	After-tax	Pre-tax	Tax Effect	After-tax
	(dollars in thousands)			(dollars in thousands)		
Beginning Balance	\$ (1,830)	\$ 690	\$ (1,140)	\$ (1,160)	\$ 440	\$ (720)
Loss reclassified from accumulated other comprehensive income into interest expense	940	(360)	580	1,950	(740)	1,210
Gain (loss) on changes in the fair value of derivative instruments	(1,660)	630	(1,030)	(3,340)	1,260	(2,080)
Ending Balance	\$ (2,550)	\$ 960	\$ (1,590)	\$ (2,550)	\$ 960	\$ (1,590)

Over the next 12 months, the Company expects to reclassify approximately \$1.6 million of pre-tax deferred losses from accumulated other comprehensive income to interest expense as the related interest payments for the designated interest rate swaps are recognized.

The following table sets forth the fair values of financial assets and liabilities as of September 30, 2009:

Description	Frequency	Asset / (Liability)	Quoted	Significant	Significant
			Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
(dollars in thousands)					

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Interest rate swap	Recurring	\$ (2,550)	\$	\$ (2,550)	\$
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Table of Contents**TRIMAS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(unaudited)****10. Commitments and Contingencies**

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

As of September 30, 2009, the Company was a party to approximately 857 pending cases involving an aggregate of approximately 7,584 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of the Company's subsidiaries for use primarily in the petrochemical refining and exploration industries.

The following chart summarizes the number of claimants, number of claims filed, number of claims dismissed, number of claims settled, the average settlement amount per claim and the total defense costs, exclusive of amounts reimbursed under the Company's primary insurance, at the applicable date and for the applicable periods:

	Claims pending at beginning of period	Claims filed during period	Claims dismissed during period	Claims settled during period	Average settlement amount per claim during period	Total defense costs during period
Fiscal year ended December 31, 2008	9,544	723	2,668	75	\$ 1,813	\$ 3,448,000
Nine months ended September 30, 2009	7,524	260	189	11	\$ 16,000	\$ 1,975,000

In addition, the Company acquired various companies to distribute its products that had distributed gaskets of other manufacturers prior to acquisition. The Company believes that many of its pending cases relate to locations at which none of its gaskets were distributed or used.

The Company may be subjected to significant additional asbestos-related claims in the future, the cost of settling cases in which product identification can be made may increase, and the Company may be subjected to further claims in respect of the former activities of its acquired gasket distributors. The Company is unable to make a meaningful statement concerning the monetary claims made in the asbestos cases given that, among other things, claims may be initially made in some jurisdictions without specifying the amount sought or by simply stating the requisite or maximum permissible

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

10. Commitments and Contingencies (Continued)

monetary relief, and may be amended to alter the amount sought. The large majority of claims do not specify the amount sought. Of the 7,584 claims pending at September 30, 2009, 103 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). 77 of the 103 claims sought between \$1.0 million and \$5.0 million in total damages (which includes compensatory and punitive damages), 21 sought between \$5.0 million and \$10.0 million in total damages (which includes compensatory and punitive damages) and 5 sought over \$10.0 million (which includes compensatory and punitive damages). Solely with respect to compensatory damages, 80 of the 103 claims sought between \$250,000 and \$600,000, 19 sought between \$1.0 million and \$5.0 million and 4 sought over \$5.0 million. Solely with respect to punitive damages, 77 of the 103 claims sought between \$1.0 million and \$2.5 million, 21 sought between \$2.5 million and \$5.0 million and 5 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 \$5.4 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 50% of the Company's costs related to settlement and defense of asbestos litigation have been covered by its primary insurance. Effective February 14, 2006, the Company entered into a coverage-in-place agreement with its first level excess carriers regarding the coverage to be provided to the Company for asbestos-related claims when the primary insurance is exhausted. The coverage-in-place agreement makes coverage available to the Company 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, the Company believes that the relief sought (when specified) does not bear a reasonable relationship to its potential liability. Based upon the Company's experience to date and other available information (including the availability of excess insurance), the Company does not believe that these cases will have a material adverse effect on its financial position and results of operations or cash flows.

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

11. Segment Information

The Company reports five segments as described below. Within these reportable segments, there are no individual products or product families for which reported revenues accounted for more than 10% of the Company's consolidated revenues.

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

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Segment Information (Continued)

Energy 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.

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

Engineered Components 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, and specialty precision tools such as center drills, cutters, end mills, reamers and punches.

Cequent Custom-engineered towing, trailering and electrical products including trailer couplers, winches, jacks, trailer brakes and brake control solutions, lighting accessories and roof racks for the recreational vehicle, agricultural/utility, marine, automotive and commercial trailer markets, functional vehicle accessories and cargo management solutions including vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch-mounted accessories, and other accessory components.

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

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Segment Information (Continued)

Segment activity is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(dollars in thousands)			
Net Sales				
Packaging	\$ 39,730	\$ 43,350	\$ 106,130	\$ 128,910
Energy	36,000	55,430	111,260	157,390
Aerospace & Defense	16,060	24,550	56,530	65,770
Engineered Components	15,860	34,690	51,100	103,160
Cequent	96,080	102,710	290,070	352,930
Total	\$ 203,730	\$ 260,730	\$ 615,090	\$ 808,160
Operating Profit				
Packaging	\$ 9,160	\$ 8,300	\$ 23,390	\$ 26,530
Energy	3,200	8,170	9,380	24,670
Aerospace & Defense	5,190	8,640	18,410	22,230
Engineered Components	(60)	3,470	(1,010)	12,520
Cequent	7,220	4,000	6,760	17,930
Corporate expenses	(4,540)	(5,060)	(16,800)	(18,200)
Total	\$ 20,170	\$ 27,520	\$ 40,130	\$ 85,680
Adjusted EBITDA				
Packaging	\$ 12,540	\$ 11,640	\$ 32,760	\$ 36,420
Energy	3,950	8,850	11,730	26,670
Aerospace & Defense	5,760	9,080	20,180	23,560
Engineered Components	980	4,510	2,150	15,630
Cequent	12,200	8,560	21,700	30,940
Corporate (expenses) income	(3,520)	(5,470)	11,360	(19,910)
Subtotal from continuing operations	31,910	37,170	99,880	113,310
Discontinued operations	(1,000)	1,080	(12,490)	2,400
Total company	\$ 30,910	\$ 38,250	\$ 87,390	\$ 115,710

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

11. Segment Information (Continued)

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(dollars in thousands)			
Net income	\$ 5,830	\$ 8,320	\$ 11,140	\$ 25,640
Income tax expense	3,420	5,560	6,650	15,310
Interest expense	10,930	13,630	35,050	42,320
Debt extinguishment costs	150		1,140	
Depreciation and amortization	10,580	10,740	33,410	32,440
Adjusted EBITDA, total company	\$ 30,910	\$ 38,250	\$ 87,390	\$ 115,710
Adjusted EBITDA, discontinued operations	(1,000)	1,080	(12,490)	2,400
Adjusted EBITDA, continuing operations	\$ 31,910	\$ 37,170	\$ 99,880	\$ 113,310

12. Equity Awards

The Company did not issue any stock option or restricted share grants during the third quarter of 2009.

2006 Plan

Information related to stock options at September 30, 2009 is as follows:

	Number of Stock Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2009		\$		
Granted	578,000	1.14		
Exercised				
Cancelled	(24,000)	1.01		
Outstanding at September 30, 2009	554,000	\$ 1.14	9.4	\$ 2,191,860

Information related to restricted shares at September 30, 2009 is as follows:

	Number of Unvested Restricted Shares	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2009	160,908	\$ 8.89		
Granted				

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Vested	(58,983)	9.15			
Cancelled	(39,329)	9.29			
Outstanding at September 30, 2009	62,596	\$	8.40	1.3	\$ 319,240

Table of Contents**TRIMAS CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(unaudited)****12. Equity Awards (Continued)**

The Company recognized approximately \$0.1 million and \$0.2 million of stock-based compensation expense related to the 2006 Plan during the three and nine months ended September 30, 2009, respectively, and \$0.3 million and \$1.1 million for the three and nine months ended September 30, 2008, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

As of September 30, 2009 and December 31, 2008, there was approximately \$0.2 million and \$0.7 million, respectively, of unrecognized compensation cost related to unvested restricted shares that is expected to be recorded over a weighted-average period of 1.1 years and 1.4 years, respectively. As of September 30, 2009, there was approximately \$0.1 million of unrecognized compensation cost related to stock options that is expected to be recorded over a weighted-average period of 1.6 years.

2002 Plan

Information related to stock options at September 30, 2009 is as follows:

	Number of Options	Weighted Average Option Price	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2009	1,596,213	\$ 20.92		
Granted	552,500	1.02		
Exercised	(3,125)	1.01		
Cancelled	(834,272)	19.69		
Outstanding at September 30, 2009	1,311,316	\$ 13.37	6.6	\$ 2,150,030

The Company recognized approximately \$0.04 million and \$0.1 million of stock-based compensation expense related to the 2002 Plan during the three and nine months ended September 30, 2009, respectively, and \$0.02 million and \$0.07 million during the three and nine months ended September 30, 2008, respectively. The stock-based compensation expense is included in selling, general and administrative expenses in the accompanying statement of operations.

As of September 30, 2009 and December 31, 2008, there was approximately \$0.2 million and \$0.07 million, respectively, of unrecognized compensation cost related to stock options that is expected to be recorded over a weighted-average period of 1.5 years and 1.4 years, respectively.

The fair value of options which vested during each of the three month periods ended September 30, 2009 and 2008 was \$0.04 million, and \$0.2 million and \$0.4 million during the nine months ended September 30, 2009 and 2008, respectively.

As of September 30, 2009, 727,433 stock options were exercisable under the 2002 Plan.

13. Earnings per Share

Net earnings are divided by the weighted average number of shares outstanding during the year to calculate basic earnings per share. Diluted earnings per share are calculated to give effect to stock options and other stock-based awards. The calculation of diluted earnings per share included 32,806

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

13. Earnings per Share (Continued)

and 48,467 restricted shares for the three months ended September 30, 2009 and 2008, respectively, and 14,813 and 28,234 restricted shares for the nine months ended September 30, 2009 and 2008, respectively. The calculation of diluted earnings (loss) per share also included 256,650 and 478,406 options to purchase shares of common stock for the three and nine months ended September 30, 2009, respectively. Options to purchase 1,606,101 shares of common stock were outstanding at September 30, 2008, but were not included in the calculation of diluted earnings (loss) per share for the three and nine months ended September 30, 2008, because to do so would have been anti-dilutive.

14. Defined Benefit Plans

Net periodic pension and postretirement benefit costs for the Company's defined benefit pension plans and postretirement benefit plans cover foreign employees, union hourly employees and certain salaried employees. The components of net periodic pension and postretirement benefit costs for the three and nine months ended September 30, 2009 and 2008 are as follows:

	Pension Plans				Other Postretirement Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008	2009	2008	2009	2008
	(dollars in thousands)				(dollars in thousands)			
Service costs	\$ 130	\$ 130	\$ 390	\$ 400	\$ 20	\$ 60	\$ 20	\$ 60
Interest costs	390	430	1,170	1,270	30	100	80	310
Expected return on plan assets	(380)	(460)	(1,150)	(1,380)				
Amortization of prior service cost			10		(70)		(200)	
Amortization of net loss	80	80	230	240	(10)	10	(20)	30
Net periodic benefit cost	\$ 220	\$ 180	\$ 650	\$ 530	\$ (50)	\$ 130	\$ (140)	\$ 400

The Company contributed approximately \$0.4 million and \$1.2 million to its defined benefit pension plans during the three and nine months ended September 30, 2009, respectively. The Company expects to contribute approximately \$1.9 million to its defined benefit pension plans for the full year 2009.

15. New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162," which superseded the existing accounting principles generally accepted in the United States of America ("U.S. GAAP"), making the FASB Accounting Standards Codification ("ASC") the single official source of authoritative U.S. GAAP (other than rules and interpretive releases issued by the Securities and Exchange Commission for non-governmental entities). The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts; instead, the FASB will issue Accounting Standards Updates, which will serve to update the ASC. The ASC was not intended to change U.S. GAAP, instead simplifying it into one level of authoritative literature in a user-friendly research system, categorized by topic. The Company adopted the ASC

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

15. New Accounting Pronouncements (Continued)

during the third quarter of 2009 by using the new guidelines and numbering system prescribed when referencing U.S.GAAP in this Form 10-Q. Although the ASC adoption changed the Company's references to U.S. GAAP accounting standards, it did not impact the Company's results of operations, financial position or liquidity.

In June 2009, the FASB issued amended guidance related to the transfer of financial assets. The new guidance, listed under ASC 860, "Transfers and Servicing," requires more information about transfers of financial assets, including securitization transactions, and where companies have continuing exposure to the risk related to transferred financial assets. ASC 860 eliminates the concept of a qualifying special purpose entity, changes the requirements for derecognizing financial assets and requires additional disclosure. This standard is effective for interim and annual periods ending after November 15, 2009. The Company is currently assessing the impact of this standard on its consolidated financial statements.

In June 2009, the FASB issued amended guidance related to consolidation of variable interest entities. The new guidance, listed under ASC 810, "Consolidation," changes how a reporting entity determines when a variable interest entity should be consolidated. It also requires additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. This standard is effective for interim and annual periods ending after November 15, 2009. The Company is currently assessing the impact of this standard on its consolidated financial statements.

In August 2009, the FASB issued new guidance related to liabilities measured at fair value. The new guidance, listed under ASC 820, "Fair Value Measurements and Disclosures," provides clarification on how to measure the fair value of a liability in which a quoted price in an active market for an identical liability is not available. This statement is effective for the Company's fourth quarter of 2009. The Company is currently assessing the impact of this standard on its consolidated financial statements.

In December 2008, the FASB issued amended guidance relating to the disclosure of employers' postretirement benefit plan assets. The new guidance, which is now part of ASC 715, "Compensation Retirement Benefits," requires more detailed disclosures about employers' pension plan assets. New disclosures will include additional information on investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. This new standard will only affect disclosures and will have no impact on the Company's consolidated financial statements. This statement is effective for fiscal years ending after December 15, 2009.

16. Subsequent Events

The Company has evaluated all subsequent events through November 9, 2009, the date on which the financial statements were issued.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

17. 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 approximately \$181.2 million has subsequently been retired through September 30, 2009. These 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.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

17. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

Supplemental Guarantor

Condensed Financial Statements

Consolidating Balance Sheet

(dollars in thousands)

	Parent	Guarantor	September 30, 2009 Non- Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	\$	\$ 17,220	\$ 7,550	\$	\$ 24,770
Trade receivables, net		83,070	16,290		99,360
Receivables, intercompany			1,680	(1,680)	
Inventories		118,900	22,930		141,830
Deferred income taxes		16,070	900		16,970
Prepaid expenses and other current assets		5,510	1,170		6,680
Assets of discontinued operations held for sale		2,700			2,700
Total current assets		243,470	50,520	(1,680)	292,310
Investments in subsidiaries	336,220	102,120		(438,340)	
Property and equipment, net		123,120	47,640		170,760
Goodwill		148,220	48,300		196,520
Intangibles and other assets	3,080	176,940	4,400		184,420
Total assets	\$ 339,300	\$ 793,870	\$ 150,860	\$ (440,020)	\$ 844,010
Liabilities and Shareholders' Equity					
Current liabilities:					
Current maturities,	\$	\$ 2,740	\$ 3,900	\$	\$ 6,640

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long-term debt					
Accounts payable, trade		62,810	16,840		79,650
Accounts payable, intercompany		1,680		(1,680)	
Accrued liabilities	7,410	56,660	9,640		73,710
Liabilities of discontinued operations		1,240			1,240
Total current liabilities	7,410	125,130	30,380	(1,680)	161,240
Long-term debt	256,140	249,810	12,790		518,740
Deferred income taxes	2,010	39,730	3,940		45,680
Other long-term liabilities		42,980	1,630		44,610
Total liabilities	265,560	457,650	48,740	(1,680)	770,270
Total shareholders' equity	73,740	336,220	102,120	(438,340)	73,740
Total liabilities and shareholders' equity	\$ 339,300	\$ 793,870	\$ 150,860	\$ (440,020)	\$ 844,010

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

17. Supplemental Guarantor Condensed Consolidating Financial Information (Continued)

Supplemental Guarantor

Condensed Financial Statements

Consolidating Balance Sheet

(dollars in thousands)

	December 31, 2008				
	Parent	Guarantor	Non- Guarantor	Eliminations	Consolidated Total
Assets					
Current assets:					
Cash and cash equivalents	\$	\$ 340	\$ 3,570	\$	\$ 3,910
Trade receivables, net		91,300	13,460		104,760
Receivables, intercompany					