

TRIMAS CORP
Form 10-K
February 26, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Form 10-K
(Mark One)

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

For the fiscal year ended December 31, 2012

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:

Common stock, \$0.01 par value

Name of Each Exchange on Which Registered:

NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 and Section 15(d) of the Act. Yes No

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definition of "accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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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 Act). Yes No
The aggregate market value of the voting common equity held by non-affiliates of the Registrant as of June 30, 2012 was approximately \$663.6 million, based upon the closing sales price of the Registrant's common stock, \$0.01 par value, reported for such date on the NASDAQ Global Select Market. For purposes of this calculation only, directors, executive officers and the principal controlling shareholder or entities controlled by such controlling shareholder are deemed to be affiliates of the Registrant.

As of February 20, 2013, the number of outstanding shares of the Registrant's common stock, \$0.01 par value, was 39,388,035 shares.

Portions of the Registrant's Proxy Statement for the 2012 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein.

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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.

We disclose important factors that could cause our actual results to differ materially from our expectations under Item 1A, "Risk Factors," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report. These cautionary statements qualify all forward-looking statements attributed to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, financial and other condition, results of operations, prospects and ability to service our debt.

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PART I

Item 1. Business

We are a global designer, manufacturer and distributor of products for commercial, industrial and consumer markets. Most of our businesses share important characteristics, including leading market positions, strong brand names, broad product offerings in focused markets, established distribution networks, relatively high operating margins, relatively low capital investment requirements, and organic growth and acquisition opportunities. We use a common operating model across TriMas and all of our businesses. The TriMas Operating Model is the framework that provides commonality and consistency across our businesses, wherever possible given the diverse nature, and drives how we plan, budget, measure, review, incent and reward our people. It provides the foundation for determining our priorities, executing our growth and productivity initiatives, and allocating capital. We believe that a majority of our 2012 net sales were in markets in which our products enjoy the number one or number two market position within their respective product categories.

Our Reportable Segments

We operate through six reportable segments which had net sales and operating profit for the year ended December 31, 2012 as follows: Packaging (net sales: \$275.2 million; operating profit: \$57.6 million), Energy (net sales: \$190.2 million; operating profit: \$17.8 million), Aerospace & Defense (net sales: \$78.6 million; operating profit: \$20.8 million), Engineered Components (net sales: \$200.0 million; operating profit: \$28.0 million), Cequent Asia Pacific (net sales: \$128.6 million; operating profit: \$12.3 million) and Cequent Americas (net sales: \$400.4 million; operating profit: \$27.4 million). For information pertaining to the net sales and operating profit attributed to our reportable segments, refer to Note 18, "Segment Information," to the audited financial statements included herein.

In addition to our reportable segments as presented, we have discontinued certain lines of businesses over the past three years as follows, the results of which are presented as discontinued operations for all periods presented in the financial statements attached hereto:

During the third quarter of 2011, we committed to a plan to exit our precision tool cutting and specialty fittings lines of business, both of which were part of the Engineered Components reportable segment, marketing each line of business for sale. We concluded the sale of these assets in December 2011.

During the fourth quarter of 2007, we reached a decision to sell the NI Industries property management business within our Aerospace & Defense segment. The sale was completed in April 2010.

Each reportable segment has distinctive products, distribution channels, strengths and strategies, which are described below.

Packaging

We believe Packaging is a leading designer, manufacturer and distributor of specialty, highly-engineered closure and dispensing systems for a range of end markets, including steel and plastic industrial and consumer packaging applications. We believe that Packaging is one of the largest manufacturers of steel and plastic industrial container closures and dispensing products in North America, with a significant presence in Europe and other geographic markets. Packaging manufactures high-performance, value-added products that are designed to enhance its customers' ability to store, transport, process and dispense various products for the agricultural, beverage, cosmetic, food, household products, industrial, medical, nutraceutical, personal care and pharmaceutical markets. Packaging's products include steel and plastic closure caps, drum enclosures, rings and levers, and specialty plastic closure and dispensing systems, such as foamers, pumps and specialty sprayers.

Our Packaging brands, which include Rieke®, Arminak & Associates®, Englass®, Innovative Molding™, Stofz and Rieke® Italia are well established and recognized in their respective markets.

Rieke, headquartered in Indiana, designs and manufactures industrial closures and dispensing products in North America and Asia. We believe Rieke has significant market share for many of its key products, such as steel drum enclosures, plastic drum closures and plastic pail dispensers and plugs, as well as a variety of specialty dispensing systems.

Arminak & Associates, located in California, designs and manufactures foamers, pumps, fine mist sprayers and other packaging solutions for the cosmetic, personal care and household product markets.

Englass, located in the United Kingdom, focuses on pharmaceutical and personal care dispensers sold primarily in Europe, but its product and engineering expertise is applicable to the consumer dispensing market in North America and other regions.

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Innovative Molding, located in California, designs and manufactures specialty plastic closures for bottles and jars for the food and nutraceutical industries.

Rieke Germany designs, manufactures and distributes products under our Stolz brand. We believe that it is a European leader in plastic enclosures for sub-20 liter-sized containers used in automotive and chemical applications.

Rieke Italia specializes in ring and lever closures that are used in the European industrial market. This specialty closure system is also sold into the North American Free Trade Agreement ("NAFTA") markets.

Competitive Strengths

We believe Packaging benefits from the following competitive strengths:

Strong Product Innovation. We believe that Packaging's research and development capability and new product focus is a competitive advantage. For more than 90 years, Packaging's product development programs have provided innovative and proprietary product solutions, such as the Visegrip® steel flange and plug closure, the Poly-Visegrip™ plastic closure and the all-plastic, environmentally safe, self-venting FlexSpout® flexible pouring spout. Packaging's emphasis upon highly-engineered packaging solutions and research and development has yielded numerous issued and enforceable patents, with many other patent applications pending. We believe that Packaging's innovative product solutions have enabled it to evolve its products to meet existing customers' needs, as well as attract new customers in a variety of consumer end markets such as beverage, cosmetic, food, medical, nutraceutical, personal care and pharmaceutical.

Customized Solutions that Enhance Customer Loyalty and Relationships. A significant portion of Packaging's products are customized for end-users, as Packaging's products are often developed and engineered to address specific customer needs, providing solutions for issues or problems. Packaging provides extensive in-house design and development of technical staff to provide solutions to customer requirements for closures and dispensing applications. For example, the installation in customer drum and pail plants of customized, patent protected, Rieke designed insertion equipment and tools that are specially designed for use on Rieke manufactured closures and dispensers creates substantial switching costs and customer loyalty. In addition, Rieke provides customized dispensing solutions including unique pump design, precision metering, unique colors and special collar sizes to fit the bottles. Rieke has also been successful in promoting the sale of complementary products in an effort to create preferred supplier status.

Leading Market Positions and Global Presence. We believe that Packaging is a leading designer and manufacturer of plastic closure caps, drum enclosures, rings and levers, and dispensing systems, such as pumps, foamers and specialty sprayers. Packaging maintains a global presence, reflecting its global opportunities and increasing global customer base. The majority of Rieke's manufacturing facilities around the world have technologically advanced injection molding machines required to manufacture industrial container closures and specialty dispensing and packaging products, as well as automated, high-speed assembly equipment for multiple component products. Rieke's global customers often want global supply chain capability and a flexible manufacturing footprint.

Strategies

We believe Packaging has significant opportunities to grow, including:

Product Innovation and New Applications. Packaging has focused its research and development capabilities on consumer applications requiring special packaging forms, stylized containers and dispenser systems requiring a high degree of functionality and engineering, as well as continuously evolving its industrial applications. Many new product innovations take years to develop. Packaging has a consistent pipeline of new products ready for launch. For example, 19 new patent filings were completed in 2012. Other recent examples include Rieke's FLEXSPOUT II™ closure system used on five gallon pails for the paint, oil and chemical industries, as well as various foamers, pumps and sprayers.

Product Cross Selling Opportunities. Recently, Packaging began to cross market successful European products, such as rings and levers, to a similar end-user customer base in the North American market utilizing its direct sales force. In addition, Packaging's February 2012 and August 2011 acquisitions of Arminak & Associates and Innovative Molding, respectively, have provided additional products, including plastic closures for bottles and jars and specialty foamers, pumps and sprayers, providing new cross-selling opportunities. We believe that, as compared with its competitors, Rieke is able to offer a wider variety of products to its long-term North American customers with enhanced service

and tooling support. Many of these customers have entered into supply agreements with Rieke based on these broader product offerings.

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Increased Global Presence. Packaging has increased its international manufacturing and sales presence, with advanced manufacturing capabilities in Southeast Asia, most notably China, as well as an increased sales presence in that region. We have also increased our sales coverage in Southern and Eastern Europe, as well as Latin America. By maintaining a presence in international locations, Packaging hopes to continue to discover new markets and new applications and to capitalize on lower-cost production opportunities.

Marketing, Customers and Distribution

Packaging employs an internal sales force in the NAFTA and European regions, and uses third party agents and distributors in key geographic markets, including Europe, South America and Asia. Rieke's agents and distributors primarily sell directly to container manufacturers and to users or fillers of containers. While the point of sale may be to a container manufacturer, Rieke, via a "pull through" strategy, calls on the container user or filler and suggests that it specify that a Rieke product be used on its container.

To support its "pull-through" strategy, Rieke offers more attractive pricing on products purchased directly from Rieke and on products in which the container users or fillers specify Rieke. Users or fillers that utilize or specify Rieke's products include agricultural chemical, food, industrial chemical, paint, personal care, petroleum, pharmaceutical and sanitary supply chemical companies such as BASF, Bayer, Dupont, General Electric, ICI Paints, Lucas Oil, McDonald's, PPG, Sherwin-Williams and Unilever, among others.

Packaging's primary end customers include Bath & Body Works, Boots, Costco, Dial Corporation, Ecolab, Lyons Magnus, McDonald's, Method, Pepsi, Pharmacia, Reckitt Benckiser, Sherwin-Williams, Schering-Plough and Starbucks, as well as supplying major container manufacturers around the world such as Berenfield, BWAY, Greif and North Coast Container. Packaging maintains a customer service center that provides technical support as well as other technical assistance to customers to reduce overall production costs.

Competition

Since Rieke has a broad range of products in both closures and dispensing systems, there are competitors in each of our product offerings. We do not believe that there is a single competitor that matches our entire product offering. Depending on the product and customers served, Packaging's competitors include Aptar, Berger, Bericap, Calmar, Greif, Phoenix Closures, Self Industries and Technocraft.

Energy

We believe Energy is a leading manufacturer and distributor of metallic and non-metallic gaskets, bolts, industrial fasteners and specialty products for the petroleum refining, petrochemical, oil field and industrial markets. With operations principally in North America and newer locations in Europe, Asia and South America, Lamons supplies gaskets and complementary fasteners to both maintenance repair operations and industrial original equipment manufacturers. Our companies and brands which comprise this segment include Lamons®, South Texas Bolt & Fitting™ ("STBF"), CIFAL Industrial e Comercial Ltda™ ("CIFAL"), and Gasket Vedações Técnicas Ltda ("GVT") acquired in January 2013.

Competitive Strengths

We believe Energy benefits from the following competitive strengths:

Established and Extensive Distribution Channels. Our Lamons business utilizes an established hub-and-spoke distribution system whereby our primary manufacturing facilities supply products to our own branches and highly knowledgeable network of worldwide distributors and licensees, which are located in close proximity to our primary customers. Our primary manufacturing facilities are in Houston, Texas; Hangzhou, China; Rotterdam, The Netherlands; Faridabad, India; and São Paulo, Brazil with an increasing number of Company-owned branches strategically located around the world to serve our global customer base. This established network of branches, enhanced by third-party distributors, allows us to add new customers in various locations or to increase distribution to existing customers. Our experienced in-house sales support teams work with our global network of distributors and licensees to create a strong market presence in all aspects of the oil, gas and petrochemical refining industries.

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Comprehensive Product Offering. Lamons currently offers a full suite of gasket and bolt products to the petroleum refining, petrochemical, oil field and industrial markets. Our November 2010 acquisition of STBF further expanded Energy's product offering to include custom-manufactured, specialty bolts of various sizes and made-to-order configurations using specialty steels and other exotic materials. In addition, Energy has added specialty bolts and gaskets in Brazil, as well as expanded its engineered product offering with isolation kits. While many of the competitors manufacture and distribute either gaskets or bolts, supplying both provides Lamons with an advantage to customers who prefer to deal with fewer suppliers. Enabled by its branch network and close proximity to its customers, Lamons' ability to provide quick turn-around and customized solutions for its customers is also a competitive strength.

Leading Market Positions and Strong Brand Names. We believe Lamons is one of the largest gasket and bolt suppliers to the global energy market. We believe that Lamons, STBF, CIFAL and GVT are known as quality brands and offer premium service to the industry. All Lamons' global facilities have the latest proprietary technology and equipment to be able to produce urgent requirement gaskets and bolts locally to meet its customers' demands.

Strategies

We believe Energy has opportunities to grow, while leveraging its cost structure, including:

- Expansion into New Geographies. Energy has significant opportunities to grow its business by replicating its U.S branch strategy around the world. Lamons is presently targeting additional locations outside of the U.S. in close proximity of its global customers, and plans further penetration into Europe, Asia and North and South America. Since 2011, Lamons opened or acquired additional locations in Brazil, Canada, India, Singapore and Spain, as well as Denver, Colorado; Midland, Michigan; and Minneapolis, Minnesota in the United States.

- Opening locations within close proximity of its customers increases Lamons' ability to provide better service and meet their quick turn-around needs. Lamons has also opened additional branches in North America to better penetrate underserved markets.

Expansion of Engineered and Specialty Product Offering. Over the past couple of years, Lamons has launched several new highly-engineered and specialty products. The acquisitions of STBF in 2010 and CIFAL in 2012 broadened Lamons specialty bolt offering. Lamons has also developed: WRI-LP gaskets, a hydrofluoric ("HF") acid gasket solution; inhibitor gaskets designed to prevent corrosion in offshore platform flanges; IsoTek Gaskets™, an engineered sealing solution for flanged pipe connections; and intelligent bolts which provide more reliable load indication. In addition to providing revenue growth opportunities, specialty products tend to have higher margins than their standard counterparts.

Pursuit of Lower-Cost Manufacturing and Sourcing Initiatives. As Lamons expands and develops, we believe that there will be further opportunities to reduce their cost structures through ongoing manufacturing, overhead and administrative productivity initiatives, global sourcing and selectively shifting manufacturing capabilities to countries with lower costs. In addition to its core domestic manufacturing facility in Houston, Lamons has its own advanced manufacturing facilities and sourcing capabilities in China and India. Multi-country manufacturing capabilities provides Lamons flexibility to move specific manufacturing requirements amongst facilities to leverage lower cost opportunities and better serve its customers.

Marketing, Customers and Distribution

Energy relies upon a combination of direct sales forces and established networks of independent distributors and licensees with familiarity of the end users. Gaskets and bolts are supplied directly to major customers through Lamons' sales and service facilities in major regional markets, or through a large network of independent distributors/licensees. This sales and distribution network's close proximity to the customer makes it possible for Energy to respond to customer-specific engineered applications and provide a high degree of customer service. Lamons' overseas sales are made either through its newer sales and service facilities in Brazil, China, the Netherlands, Singapore, Spain and the United Kingdom, Lamons' licensees or through its many distributors. Significant Energy customers include British Petroleum, Dow Chemical, ExxonMobil, LyondellBasell, MRC, National Oilwell Varco and Phillips 66.

Competition

Energy's primary competitors include Flexitallic Group, Garlock (EnPro), Klinger, Lone Star and Teadit. Most of Energy's competitors supply either gaskets or bolts. We believe that providing both gaskets and bolts, as well as our hub-and-spoke distribution model, gives Lamons a competitive advantage with many customers. We believe that Lamons' broader product portfolio and strong brand name enables Lamons to maintain its market leadership position as one of the largest gasket and bolt suppliers to the energy market.

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Aerospace & Defense

We believe Aerospace & Defense is a leading designer and manufacturer of a diverse range of products for use in focused markets within the aerospace and defense industries. This segment's products include aerospace fasteners and military munitions components. In general, these products are highly-engineered, customer-specific items that are sold into focused markets with few competitors.

Aerospace & Defense's brands include Monogram Aerospace Fasteners™, Martinic Engineering and NI Industries™, which are well established and recognized in their markets.

Monogram Aerospace Fasteners. We believe Monogram Aerospace Fasteners (“Monogram”) is a leading manufacturer of permanent blind bolts and temporary fasteners used in commercial, business and military aircraft construction and assembly. Certain Monogram products contain patent protection, with additional patents pending. We believe Monogram is a leader in the development of blind bolt fastener technology for the aerospace industry, specifically in high-strength, rotary-actuated blind bolts that allow sections of aircraft to be joined together when access is limited to only one side of the airframe, providing certain cost efficiencies over conventional two piece fastening devices.

Monogram's Visu-Lok® continues to support today's aircraft as well as the MRO needs of older metal aircraft. Its Composi-Lok®, Composi-Lok®II, and the new Composi-Lok®3, are designed to solve unique fastening problems associated with the assembly of composite aircraft structures, and are therefore particularly well-suited to take advantage of the increasing use of composite materials in aircraft construction. Its Radial-Lok® stands alone in its ability to enhance joint strength through radial expansion upon installation and Monogram's OSI-Bolt® fastening system is the only blind substitute to replicate the strength of conventional two piece fastening systems. Monogram also provides additional highly-engineered products for its customers.

Martinic Engineering. Acquired in January 2013, Martinic Engineering manufactures highly-engineered, precision machined, complex parts for commercial and military aerospace applications, including auxiliary power units, as well as electrical hydraulic and pneumatic systems.

NI Industries. NI Industries has utilized proprietary know-how to manufacture a variety of munitions components, including large caliber cartridge cases, for the U.S. government, as well as domestic and foreign prime contractors. We believe NI Industries is a leader in its product markets, due to its unique technical capabilities. The Riverbank Army Ammunition Plant (“Riverbank”) California facility of NI Industries was included in the 2005 Base Realignment and Closure (“BRAC”). NI Industries completed production at this facility in 2009 and worked with the U.S. government to relocate the manufacturing capability from Riverbank to the Rock Island Arsenal in Illinois. Assuming all options are exercised, NI Industries has a contract to operate the Rock Island facility for up to 25 years, which began May 2011. NI Industries has bid on cartridge case solicitations to support U.S. and foreign military requirements. NI Industries started manufacturing cartridge cases in 2012, following contract awards by the U.S. government and their prime contractors. To broaden its product portfolio, NI Industries continues to evaluate opportunities to manufacture additional highly-engineered products, including lightweight armor panels for applications in defense, homeland security and law enforcement markets.

Strategies

We believe the businesses within the Aerospace & Defense segment have significant opportunities to grow, based on the following:

Strong Product Innovation. The Aerospace & Defense segment has a history of successfully creating and introducing new products and there are currently several significant product initiatives underway. Monogram has developed the next generation Composi-Lok®, offering a flush break upon installation, a new "lite" derivative affording significant installed weight savings in concert with today's fuel efficient aircraft designs, and is developing and testing an enlarged footprint version of the Composi-Lok®, offering improved clamping characteristics on composite structures. The company has developed the next generation of temporary fasteners, which is targeted to have load clamping capabilities in the range of a permanent fastener. We believe the strategy of offering a variety of custom engineered variants has been very well received by Monogram's customer base and is increasing our share of custom-engineered purchases. In addition, NI Industries has teamed with Solidica, Inc. to commercialize the production of lightweight armor panels and components. NI Industries is also involved in developing manufacturing processes for new cartridge

cases and other munitions components, including a 57mm cartridge case for use by the U.S. Navy. Development of manufacturing processes for other cartridge cases is either completed or underway to support other U.S. and foreign military platforms.

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Entry into New Markets and Development of New Customers. The Aerospace & Defense segment has significant opportunities to grow its businesses by offering its products to new customers and new markets. In addition, Monogram is focused on expanding its geographic presence and has recently opened an office in Beijing, China. The addition of Martinic Engineering products to the portfolio enables this segment to reach additional customers, including tier one suppliers to airframe OEMs. NI Industries is targeting foreign ammunition prime contractors for cartridge cases and vehicle OEMs supporting the defense, homeland security and law enforcement markets.

Expansion of Product Line Offerings. Aerospace & Defense is expanding its fastener offerings to include other aerospace fastening products, including a suite of collar families used in traditional non-blind assembly, and is rapidly increasing its applications and content on airplanes. Monogram's blind bolt fasteners, which allow for one-sided bolt installation, provide additional advantages as aircraft manufacturers increase automation in aircraft assembly. This trend increases the potential for the expanded use of Monogram's blind fasteners into non-traditional applications. The acquisition of Martinic Engineering also expands opportunities for additional content on aircrafts. NI Industries continues to explore highly-engineered material applications for a variety of vehicle platforms to support the U.S. military's near-term and long-term objectives.

Marketing, Customers and Distribution

Aerospace & Defenses' customers operate primarily in the aerospace and defense industries. Given the focused nature of many of our products, the Aerospace & Defense segment relies upon a combination of direct sales forces and established networks of independent distributors with familiarity of the end-users. For example, Monogram's aerospace fasteners are sold through internal sales personnel and independent sales representatives worldwide. Although the overall market for fasteners and metallurgical services is highly competitive, these businesses provide products and services primarily for specialized markets, and compete principally as technology, quality and service oriented suppliers in their respective markets. Monogram's products are sold to manufacturers and distributors within the commercial, business and military aerospace industry, both domestic and foreign. While Monogram sells to both manufacturers and distributors, Monogram works directly with aircraft manufacturers to develop and test new products and improve existing products. The addition of Martinic Engineering enables this segment to reach additional customers, including tier one suppliers to airframe original equipment manufacturers ("OEM"). NI Industries relies on its long-standing relationships with U.S. and Allied militaries, and domestic and foreign prime contractors. The close working relationship in both businesses is a necessity given the critical safety nature and regulatory environment of its customers' products. The narrow end-user base of many of these products makes it possible for this segment to respond to customer specific engineered applications and provide a high degree of customer service. Aerospace & Defenses' OEM, distribution and other customers include Airbus, Boeing, B/E Aerospace, Bombardier, Embraer, Hamilton Sunstrand, Lockheed, Northrop Grumman, Parker Hannifin, Peerless Aerospace Fasteners, Wesco Aircraft Hardware, and the U.S. Department of Defense.

Competition

This segment's primary competitors include Alcoa Fastening Systems and Cherry Aerospace (PCC) in aerospace fasteners, and General Dynamics and Sloboda in the munitions products. We believe that Monogram is a leader in the blind bolt market with significant market share in all blind fastener product categories in which they compete. We believe that NI Industries is a leader in metal munitions components with sole source capability on select cartridge cases. Aerospace & Defenses' companies supply highly engineered, non-commodity, customer-specific products that principally have large shares of small markets supplied by a limited number of competitors.

Engineered Components

We believe Engineered Components is a leading designer, manufacturer and distributor of a variety of natural gas powered engines and parts, gas compressors, gas production equipment, meter runs, engine electronics and chemical pumps all engineered for use in oil and natural gas production, as well as high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases. In general, these products are highly-engineered, customer-specific items that are sold into focused markets with few competitors.

Engineered Components' brands include Arrow[®] Engine and Norris Cylinder[™] which are well established and recognized in their respective markets.

Arrow Engine. We believe that Arrow Engine is a market leading provider of natural gas powered engines and parts. Arrow Engine also provides gas compressors, gas production, meter runs, engine electronics and chemical pumps, all engineered for use in oil and natural gas production and other industrial and commercial markets. Arrow Engine distributes its products through a worldwide distribution network with a particularly strong presence in the U.S. and Canada. Arrow Engine owns the original equipment manufacturing rights to distribute engines and replacement parts

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for four main OEM engine lines and offers a wide variety of spare parts for an additional eight engine lines, which are widely used in the energy industry and other industrial applications. Arrow Engine has recently developed a new line of products in the area of industrial engine spare parts for various industrial engines not manufactured by Arrow Engine, including selected engines manufactured and sold under the Caterpillar®, Waukesha®, Ajax® and Gemini® brands. Arrow Engine has expanded its product line to include compressors and compressor packaging, gas production equipment, meter runs and other electronic products.

Norris Cylinder. Norris Cylinder is a leading provider of a complete line of large and intermediate size, high-pressure and low-pressure steel cylinders for the transportation, storage and dispensing of compressed gases. Norris Cylinder's large high-pressure seamless compressed gas cylinders are used principally for shipping, storing and dispensing oxygen, nitrogen, argon, helium and other gases for industrial and health care markets. In addition, Norris Cylinder offers a complete line of low-pressure steel cylinders used to contain and dispense acetylene gas for the welding and cutting industries. Norris Cylinder markets cylinders primarily to major domestic and international industrial gas producers and distributors, welding equipment distributors and buying groups, as well as equipment manufacturers.

Strategies
We believe the businesses within the Engineered Components segment have opportunities to grow, based on the following:

Strong Product Innovation. The Engineered Components segment has a history of successfully creating and introducing new products and there are currently several significant product initiatives underway. Arrow Engine continues to introduce new products in the area of industrial engine spare parts for various industrial engines not manufactured by Arrow Engine, including selected engines manufactured and sold under the Caterpillar®, Waukesha®, Ajax® and Gemini® brands. The company has also launched an offering of customizable compressors and gas production and meter run equipment, which are used by existing end customers in the natural gas extraction market, as well as development of a natural gas compressor used for compressed natural gas (“CNG”) filling stations. Norris Cylinder developed a process for manufacturing ISO cylinders capable of holding higher pressure gases, and has been awarded a United Nations certification for its ISO cylinders, making Norris Cylinder the first manufacturer approved to distribute ISO cylinders domestically. Norris Cylinder also is creating new designs for use in Hydrogen Fuel Cell applications related to Clean Energy programs.

Entry into New Markets and Development of New Customers. Engineered Components has opportunities to grow its businesses by offering its products to new customers, markets and geographies. Norris Cylinder's 2010 acquisition of Taylor Wharton International's Huntsville, Alabama facility added highly-engineered specialty cylinder products to its product portfolio. We believe this acquisition enabled Norris Cylinder to expand its product portfolio to its existing customers, while bringing new customers to Norris Cylinder. Norris Cylinder is also expanding international sales of its ISO cylinders to Europe, South Africa and South America, as well as pursuing new end markets such as cylinders for use at cell towers (hydrogen fuel cells), in mine safety (breathing air and rescue chambers) and in fire suppression. Arrow Engine continues to expand its product portfolio to serve new customers and new applications for oil and natural gas production in all areas of the industry, including shale drilling. Arrow Engine is also expanding international sales, particularly in Mexico, Indonesia and Venezuela.

Marketing, Customers and Distribution

Engineered Components' customers operate in the oil, gas, industrial and commercial industries. Given the focused nature of many of our products, the Engineered Components segment relies upon a combination of direct sales forces and established networks of independent distributors with familiarity of the end-users. In many of the markets this segment serves, its companies' brand names are virtually synonymous with product applications. The narrow end-user base of many of these products makes it possible for this segment to respond to customer-specific engineered applications and provide a high degree of customer service. Engineered Components' OEM and aftermarket customers include Above & Beyond Compression, Airgas, Air Liquide, Chesapeake, Industrial Ignition, Praxair and Weatherford.

Competition

Arrow Engine tends to compete against natural gas powered, lower horsepower, multi-cylinder engines from manufacturers such as Caterpillar, Chevy, Cummins and Ford industrial engines and electric motors. Norris Cylinder competes against Worthington, Beijing Tianhai Industry Co., Faber and Vitkovice Cylinders. In May 2012, the U.S. International Trade Commission made a unanimous final determination that Norris Cylinder had been materially injured by imports of Dot high pressure steel cylinders that were being subsidized by the Government of China, as well as being dumped in the U.S. market by producers in China, and as a result, imposed antidumping and countervailing duties on the subject imports to create a fairer competitive environment in the United States. Engineered Components' companies supply highly engineered, non-commodity, customer specific products with large shares of small markets supplied by a limited number of competitors.

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Cequent Asia Pacific and Cequent Americas

We believe Cequent, which includes our Cequent Asia Pacific and Cequent Americas reportable segments, is a leading designer, manufacturer and distributor of a wide variety of high quality, custom-engineered towing, trailer and cargo management products and other accessories. These products, which are similar for both Cequent Asia Pacific and Cequent Americas, are designed to support all OEM, original equipment suppliers ("OES") and aftermarket customers within the agricultural, automotive, construction, horse/livestock, industrial, marine, military, recreational, trailer and utility markets. We believe that Cequent's brand names and product lines are among the most recognized and extensive in the industry.

Cequent Asia Pacific focuses its sales and manufacturing efforts in the Asia Pacific region of the world and most recently South Africa, while Cequent Americas is focused on the North and South American markets. Cequent Americas consists of two businesses: Cequent Performance Products ("CPP"), a leading manufacturer of aftermarket and OEM towing and trailer products and accessories, and Cequent Consumer Products ("CCP"), a leading provider of towing, trailer, vehicle protection and cargo management solutions serving the end-user through retailers.

Cequent Asia Pacific and Cequent Americas have positioned their product portfolios to create pricing options for entry-level to premium products across all of our market channels. We believe that no other competitor features a comparable array of components and recognized brand names. Cequent's brand names include Aqua Clear™, Bargman® Bulldog®, Draw-Tite®, Engetran, Fulton®, Hayman-Reese™, Harper®, Hidden Hitch®, Highland, Laitner™, Pro Series™, Reese®, Reese CarryPower™, Reese Outfitter®, Reese Power Sports, Reese® Towpower™, ROLA®, Tekonsha®, Tow Ready®, TriMotive and Wesbar®.

Our broad range of products include hitches (including fifth wheel and gooseneck hitches), jacks, winches, couplers, tubular side steps and sports bars, weight distribution systems, ball mounts, brake controls, wiring harnesses, interior and exterior vehicle lighting, draw bars, towbars, locks and other towing accessories. Our cargo management products include bike racks, roof cross bar systems, cargo carriers, luggage boxes, car care appearance and interior protective products, rope, tie-downs, tarps, tarp straps, bungee cords, loading ramps and soft travel interior organizers. In addition, Cequent offers a complete brush and cleaning product line. Cequent sells these products through a broad range of distribution channels including independent installers, distributors, dealers, OEMs (trailer, recreational vehicle and automotive), retailers and online.

Competitive Strengths

Diverse Product Portfolio of Strong Brand Names. Cequent Asia Pacific and Cequent Americas both benefit from a diverse range of product offerings and do not solely rely upon any single item. By offering a wide range of products, the Cequent businesses are able to provide a complete solution to satisfy their customers' towing and cargo management needs, as well as serve diverse channels through effective brand management. We believe that the various brands mentioned above are well-known in their respective product areas and channels. In addition, we believe many of the products within Cequent Asia Pacific or Cequent Americas have leading market positions.

Value Engineering. Cequent Asia Pacific and Cequent Americas have extensive engineering and performance capability, enabling these segments to continue their product innovation, improve product reliability and reduce manufacturing costs. The businesses within these segments conduct extensive testing of their products in an effort to assure high quality and reliable product performance. Engineering, product design and fatigue testing are performed utilizing computer-aided design and finite element analysis.

Established Distribution Channels. Cequent Asia Pacific and Cequent Americas utilize several distribution channels for sales, including OEM for trailers, OEM for vehicles, OES for vehicles, wholesale distribution, dealers, installers, specialty retailers, internet resellers and mass merchandisers. The businesses are positioned to meet all delivery requirements specified by our diverse group of customers.

Flexibility in Supply. As a result of significant restructuring activity completed over the past few years, Cequent has reduced its cost structure and improved its supply flexibility, allowing for quicker and more efficient responses to changes in the end market demand. Cequent Americas has the ability to produce low-volume, customized products in-house, quickly and efficiently at manufacturing facilities in both the U.S. and Mexico. In November 2012, Cequent

Performance Products announced the closure of its manufacturing facility in Goshen, Indiana, which primarily manufactures hitches, weight distribution systems, fifth wheels and gooseneck systems, and employs approximately 450 people. Manufacturing operations will be relocated to Cequent's existing facility in Reynosa, Mexico throughout 2013. We believe this move will enhance Cequent's cost structure and improve production efficiency over time. Cequent Americas also outsources high-volume production to lower cost supply partners in Southeast Asia. Extensive sourcing arrangements with suppliers in low-cost environments enable the flexibility to choose to manufacture or source products as end-market demand fluctuates. Cequent Asia Pacific has manufacturing facilities in Melbourne, Australia; Johannesburg, South Africa; Auckland, New Zealand; and Bangkok, Thailand. Cequent Asia Pacific

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recently opened a new, state-of-the-art manufacturing facility in Melbourne to improve efficiency and customer service, and is in the process of winding-down the two former Melbourne facilities.

Strategies

We believe that Cequent has opportunities to grow, including the following:

Enhanced Towing Solutions. As a result of its broad product portfolio, Cequent Asia Pacific and Cequent Americas are well positioned to provide customers with solutions for trailering, towing and cargo management needs. Due to both segments' product breadth and depth, we believe the Cequent businesses can provide customers with compelling value propositions with superior features and convenience. In many instances, Cequent can offer more competitive pricing by providing complete sets of product rather than underlying components separately. We believe this merchandising strategy also enhances the segment's ability to better compete in markets where its competitors have narrower product lines and are unable to provide "one stop shopping" to customers.

Cross-Selling Products. We believe that Cequent Asia Pacific and Cequent Americas both have significant opportunities to further introduce products into new distribution channels. Cequent has developed strategies to introduce its products into new channels, including the Asian automotive manufacturer market, the retail sporting goods market, the independent bike dealer, the ATV and motorcycle market, the military and within select international markets. More specifically, Cequent Asia Pacific is focused on selling the whole product range through all channels, leveraging strong U.S. brands to broaden the local product offering and expanding its business with Thailand-based automotive OEMs.

Geographic Expansion. Cequent Asia Pacific has continued to expand globally, while maintaining its strong presence in Australia. Over the past couple of years, we have introduced products into the local market in Thailand after launching our local plant there. In July 2012, the Cequent Asia Pacific business acquired Trail Com Limited, a market leading distributor for towing accessories and trailer components headquartered in Auckland, New Zealand. We believe this acquisition provides opportunities to expand our existing product line into the New Zealand market and to strengthen our retail and trade presence in Australia. In 2011, Cequent Asia Pacific acquired BTM, a motor vehicle accessory unit in South Africa, further expanding its global manufacturing and sales footprint and providing additional customer support for its global customers. In July 2012, Cequent Americas expanded its global footprint and product portfolio into Brazil by acquiring Engetran Engenharia, Industria, e Comercio de Pecas e Acessorios Veiculares Ltda, a leading manufacturer of towing products including trailer hitches, skid plates and related accessories headquartered outside of São Paulo, Brazil. We believe these expansions into new geographies provide additional opportunities for growth, while supporting existing and new customers in these markets. Cequent continues to evaluate sales opportunities outside of its existing markets.

Strong Product Innovation. Cequent Americas has a history of successfully developing and launching new products with patented features. Newer introductions include customer vehicle and trailer connectivity products, F2[®] aluminum trailer winch, powered RV 5th wheel trailer landing gear, an ASAE compliant and newly redesigned 5th wheel hitch family, custom harnesses, programmable converters, high intensity LED work lighting and electrical accessories, and a patented and improved gooseneck coupler. In addition, Cequent is continually refreshing its existing retail products with new designs, features, innovative packaging and merchandising. Cequent Asia Pacific also continues to evolve its products and recently expanded its tubular vehicle protection product line.

Marketing, Customers and Distribution

Cequent Asia Pacific and Cequent Americas employ a dedicated sales force in each of the primary channels, including automotive aftermarket, automotive OEM, industrial, military, power sports, recreational vehicle dealers, and retail including mass merchants, auto specialty, marine specialty, hardware/home centers and catalogs. The businesses rely upon strong historical relationships, custom engineering capability, significant brand heritage, broad product offerings, superior distribution and strong merchandising methodologies to bolster its towing, trailer and accessory product sales through the OEM channel and in all aftermarket segments. Cequent Americas serves customers such as Etrailer, Ford, Keystone Automotive, Redneck, Stag Parkway, Toyota and U-Haul, and is also well represented in mass merchant retailers like Wal-Mart, specialty retailers such as Tractor Supply, hardware home centers such as Home Depot and Lowe's, specialty auto retailers including Advanced Auto Parts and AutoZone. Cequent Asia

Pacific's customers include many automotive manufacturers and suppliers, including FHI/Subaru, Ford, GM, Mazda and Toyota.

Competition

The competitive environment for towing products is highly fragmented and is characterized by numerous smaller suppliers, even the largest of which tends to focus in narrow product categories. Significant trailer competitors include Pacific Rim, Dutton-Lainson, Shelby, Ultra-Fab, Sea-Sense and Atwood. Significant electrical competitors include Hayes Brake Control Company,

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Hopkins Manufacturing, Peterson Industries, Grote, Optronics and Pollack. Significant towing competitors include Curt Manufacturing, B&W, Buyers and Camco. The retail channel presents a different set of competitors that are typically not seen in our installer, OEM and distributor channels, including Masterlock, Buyers, Allied, Keeper, Bell, Smart Straps and Axis. In addition, competition in the cargo management product category primarily comes from Thule and Yakima.

Acquisition Strategy

We believe that our businesses have significant opportunities to grow through disciplined, strategic acquisitions. We typically seek "bolt-on" acquisitions, in which we acquire another industry participant or adjacent product lines that enhance the strengths of our core businesses. When seeking acquisition targets, we look for opportunities to expand our existing product offerings, gain access to new customers and end markets, as well as additional distribution channels, expand our geographic footprint and/or capitalize on scale and cost efficiencies.

Materials and Supply Arrangements

Our largest raw materials purchases are for steel, copper, aluminum, titanium, polyethylene and other resins, and energy. Raw materials and other supplies used in our operations are normally available from a variety of competing suppliers. In addition to raw materials, we purchase a variety of components and finished products from low-cost sources in China, India, Taiwan, Thailand and Vietnam.

Steel is purchased primarily from steel mills and service centers with pricing contracts principally in the three-to-six month time frame. Changing global dynamics for steel production and supply will continue to present a challenge to our business. Polyethylene is generally a commodity resin with multiple suppliers capable of providing product globally. While both steel and polyethylene are readily available from a variety of competing suppliers, our business has experienced, and we believe will continue to experience, volatility in the costs of these raw materials.

Employees and Labor Relations

As of December 31, 2012, we employed approximately 5,500 people, of which approximately 24% were unionized and approximately 50% were located outside the United States. We currently have collective bargaining agreements covering twelve facilities worldwide, three of which are in the United States. Employee relations have generally been satisfactory.

On November 21, 2012, we announced the decision to close our Goshen, Indiana, manufacturing facility within our Cequent Americas segment, potentially impacting approximately 30% of our current unionized work force. The decision to close the plant and move the work to Cequent's Mexico-based operations is the result of our effort to focus resources in a manner that will best serve our customers and better position us to remain competitive in the markets that we serve. The anticipated closure is expected to result in the separation of approximately 450 employees in Goshen, Indiana and be completed by December 31, 2013.

On July 10, 2009, we reached a mutually agreeable settlement with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("Union") regarding the duration of a neutrality agreement we have with the Union. The agreement, which expired by its terms on June 30, 2012, committed us to remain generally neutral in Union organizing drives through the duration of the agreement.

Seasonality and Backlog

There is some seasonality in the businesses within our Cequent reportable segments, primarily within Cequent Americas, where sales of towing and trailering products are generally stronger in the second and third quarters, as trailer OEMs, distributors and retailers acquire product for the spring and summer selling seasons. No other reportable segment experiences significant seasonal fluctuation in its businesses. We do not consider sales order backlog to be a material factor in our businesses.

Environmental Matters

We are subject to increasingly stringent environmental laws and regulations, including those relating to air emissions, wastewater discharges and chemical and hazardous waste management and disposal. Some of these environmental laws hold owners or operators of land or businesses liable for their own and for previous owners' or operators' releases of hazardous or toxic substances or wastes. Other environmental laws and regulations require the obtainment and compliance with environmental permits. To date, costs of complying with environmental, health and safety

requirements have not been material. However, the nature of our operations and our long history of industrial activities at certain of our current or former facilities, as well as those acquired, could potentially result in material environmental liabilities.

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While we must comply with existing and pending climate change legislation, regulation and international treaties or accords, current laws and regulations have not had a material impact on our business, capital expenditures or financial position. Future events, including those relating to climate change or greenhouse gas regulation could require us to incur expenses related to the modification or curtailment of operations, installation of pollution control equipment or investigation and cleanup of contaminated sites.

Intangibles Assets

Our identified intangible assets, consisting of customer relationships, trademarks and trade names and technology, are recorded at approximately \$206.2 million at December 31, 2012, net of accumulated amortization. The valuation of each of the identified intangibles was performed using broadly accepted valuation methodologies and techniques.

Customer Relationships. We have developed and maintained stable, long-term selling relationships with customer groups for specific branded products and/or focused market product offerings within each of our businesses. Useful lives assigned to customer relationship intangibles range from five to 25 years and have been estimated using historic customer retention and turnover data. Other factors considered in evaluating estimated useful lives include the diverse nature of focused markets and products of which we have significant share, how customers in these markets make purchases and these customers' position in the supply chain. We also monitor and evaluate the impact of other evolving risks including the threat of lower cost competitors and evolving technology.

Trademarks and Trade Names. Each of our operating groups designs and manufactures products for focused markets under various trade names and trademarks (see discussion above by reportable segment). Our trademark/trade name intangibles are well-established and considered long-lived assets that require maintenance through advertising and promotion expenditures. Because it is our practice and intent to maintain and to continue to support, develop and market these trademarks/trade names for the foreseeable future, we consider our rights in these trademarks/trade names to have an indefinite life, except as otherwise dictated by applicable law.

Technology. We hold a number of U.S. and foreign patents, patent applications, and unpatented or proprietary product and process oriented technologies within all six of our reportable segments. We have, and will continue to dedicate, technical resources toward the further development of our products and processes in order to maintain our competitive position in the industrial, commercial and consumer end markets that we serve. Estimated useful lives for our technology intangibles range from one to 30 years and are determined in part by any legal, regulatory or contractual provisions that limit useful life. For example, patent rights have a maximum limit of 20 years in the U.S. Other factors considered include the expected use of the technology by the operating groups, the expected useful life of the product and/or product programs to which the technology relates, and the rate of technology adoption by the industry.

International Operations

Approximately 18.3% of our net sales for the year ended December 31, 2012 were derived from sales by our subsidiaries located outside of the United States, and we may significantly expand our international operations through organic growth actions and acquisitions. In addition, approximately 27.7% of our operating net assets as of December 31, 2012 were located outside of the United States. We operate manufacturing facilities in Australia, Brazil, Canada, China, Germany, India, Italy, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Thailand and the United Kingdom. In addition to the net sales derived from sales by our subsidiaries located outside of the United States, we also generated approximately \$139.7 million of export sales from the United States. For information pertaining to the net sales and operating net assets attributed to our international operations, refer to Note 18, "Segment Information," to the audited financial statements included herein.

Website Access to Company Reports

We use our Investor Relations website, www.trimascorp.com, as a channel for routine distribution of important information, including news releases, analyst presentations and financial information. We post filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC, including our annual, quarterly, and current reports on Forms 10-K, 10-Q, and 8-K, our proxy statements and any amendments to those reports or statements. All such postings and filings are available on our Investor Relations website free of charge. The SEC also maintains a website, www.sec.gov, that contains reports, proxy and information statements and other

information regarding issuers that file electronically with the SEC. The content on any website referred to in this Annual Report on Form 10-K is not incorporated by reference into this Annual Report on Form 10-K unless expressly noted.

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Item 1A. Risk Factors

You should carefully consider each of the risks described below, together with information included elsewhere in this Annual Report on Form 10-K and other documents we file with the SEC. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial may also impact our business operations, financial results and liquidity.

Our businesses depend upon general economic conditions and we serve some customers in highly cyclical industries; as such, we may be subject to the loss of sales and margins due to an economic downturn or recession.

Our financial performance depends, in large part, on conditions in the markets that we serve in both the U.S. and global economies. Some of the industries that we serve are highly cyclical, such as the automotive, construction, industrial equipment, energy, aerospace and electrical equipment industries. We may experience a reduction in sales and margins as a result of a downturn in economic conditions or other macroeconomic factors. Lower demand for our products may also negatively affect the capacity utilization of our production facilities, which may further reduce our operating margins.

Many of the markets we serve are highly competitive, which could limit the volume of products that we sell and reduce our operating margins.

Many of our products are sold in competitive markets. We believe that the principal points of competition in our markets are product quality and price, design and engineering capabilities, product development, conformity to customer specifications, reliability and timeliness of delivery, customer service and effectiveness of distribution. Maintaining and improving our competitive position will require continued investment by us in manufacturing, engineering, quality standards, marketing, customer service and support of our distribution networks. We may have insufficient resources in the future to continue to make such investments and, even if we make such investments, we may not be able to maintain or improve our competitive position. We also face the risk of lower-cost foreign manufacturers located in China, Southeast Asia, India and other regions competing in the markets for our products and we may be driven as a consequence of this competition to increase our investment overseas. Making overseas investments can be highly complicated and we may not always realize the advantages we anticipate from any such investments. Competitive pressure may limit the volume of products that we sell and reduce our operating margins. Our growth strategy includes the impact of 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.

One of our principal growth strategies is to pursue strategic acquisition opportunities. We have completed 25 acquisitions, primarily bolt-on businesses to our existing platforms, over the past 10 years. Each of these acquisitions required integration expense and actions that negatively impacted our results of operations and that could not have been fully anticipated beforehand. In addition, attractive acquisition candidates may not be identified and acquired in the future, financing for acquisitions may be unavailable on satisfactory terms and we may be unable to accomplish our strategic objectives in effecting a particular acquisition. We may encounter various risks in acquiring other companies, including the possible inability to integrate an acquired business into our operations, diversion of management's attention and unanticipated problems or liabilities, some or all of which could materially and adversely affect our business strategy and financial condition and results of operations.

We may be unable to successfully implement our business strategies. Our ability to realize our business strategies may be limited.

Our businesses operate in relatively mature industries and it may be difficult to successfully pursue our growth strategies and realize material benefits therefrom. Even if we are successful, other risks attendant to our businesses and the economy generally may substantially or entirely eliminate the benefits. While we have successfully utilized some of these strategies in the past, our growth has principally come through acquisitions.

Increases in our raw material or energy costs or the loss of critical suppliers could adversely affect our profitability and other financial results.

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. Prices for these products fluctuate with market conditions, and have generally increased over time. We may be unable to completely offset the impact with price increases on a timely basis due to outstanding commitments to our customers, competitive considerations or our customers' resistance to accepting such price increases and our financial performance may be adversely impacted by further price increases. A failure by our suppliers to continue to supply us with certain raw materials or component parts on commercially reasonable terms, or at all, could have a material adverse effect on us. To the extent there are energy supply disruptions or material fluctuations in energy costs, our margins could be materially adversely impacted.

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Our products are typically highly engineered or customer-driven and we are subject to risks associated with changing technology and manufacturing techniques that could place us at a competitive disadvantage.

We believe that our customers rigorously evaluate their suppliers on the basis of product quality, price competitiveness, technical expertise and development capability, new product innovation, reliability and timeliness of delivery, product design capability, manufacturing expertise, operational flexibility, customer service and overall management. Our success depends on our ability to continue to meet our customers' changing expectations with respect to these criteria. We anticipate that we will remain committed to product research and development, advanced manufacturing techniques and service to remain competitive, which entails significant costs. We may be unable to address technological advances, implement new and more cost-effective manufacturing techniques, or introduce new or improved products, whether in existing or new markets, so as to maintain our businesses' competitive positions or to grow our businesses as desired.

We depend on the services of key individuals and relationships, the loss of which could materially harm us.

Our success will depend, in part, on the efforts of our senior management, including our chief executive officer. Our future success will also depend on, among other factors, our ability to attract and retain other qualified personnel. The loss of the services of any of our key employees or the failure to attract or retain employees could have a material adverse effect on us.

We have substantial debt principal and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations.

We have indebtedness that is substantial in relation to our shareholders' equity. As of December 31, 2012, we have approximately \$422.4 million of outstanding debt and approximately \$303.6 million of shareholders' equity. As of December 31, 2012, substantially all of our debt bears interest at variable rates. We may experience increases in our interest expense as a result of general increases in interest rate levels. Our debt service payment obligations in 2012 were approximately \$38.5 million and based on amounts outstanding as of December 31, 2012, a 1% increase in the per annum interest rate for our variable rate debt would increase our interest expense by approximately \$2.4 million annually.

During 2012, we entered into two interest rate swap agreements that become effective in February 2013 and February 2015 and will fix approximately 77% of the current principal amount of our variable rate debt. See Note 13, "Derivative Instruments," included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K for additional information.

Our degree of leverage and level of interest expense may have important consequences, including:

- our leverage may place us at a competitive disadvantage as compared with our less leveraged competitors and make us more vulnerable in the event of a downturn in general economic conditions or in any of our businesses;
- our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate may be limited;

a substantial portion of our cash flow from operations will be dedicated to the payment of interest and principal on our indebtedness, thereby reducing the funds available to us for operations, capital expenditures, acquisitions, future business opportunities or obligations to pay rent in respect of our operating leases; and

- our operations are restricted by our debt instruments, which contain certain financial and operating covenants, and those restrictions may limit, among other things, our ability to borrow money in the future for working capital, capital expenditures, acquisitions, rent expense or other purposes.

Our ability to service our debt and other obligations will depend on our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

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Restrictions in our debt instruments and accounts receivable facility limit our ability to take certain actions and breaches thereof could impair our liquidity.

Our credit facility contains covenants that restrict our ability to:

- pay dividends or redeem or repurchase capital stock;
- incur additional indebtedness and grant liens;
- make acquisitions and joint venture investments;
- sell assets; and
- make capital expenditures.

Our credit facility also requires us to comply with financial covenants relating to, among other things, interest coverage and leverage. Our accounts receivable facility contains covenants similar to those in our credit facility and includes additional requirements regarding our receivables. We may not be able to satisfy these covenants in the future or be able to pursue our strategies within the constraints of these covenants. Substantially all of the assets of our domestic subsidiaries (other than our special purpose receivables subsidiary) are pledged as collateral pursuant to the terms of our credit facility. A breach of a covenant contained in our debt instruments could result in an event of default under one or more of our debt instruments, our accounts receivable facility and our lease financing arrangements. Such breaches would permit the lenders under our credit facility to declare all amounts borrowed thereunder to be due and payable, and the commitments of such lenders to make further extensions of credit could be terminated. In addition, such breach may cause a termination of our accounts receivable facility. Each of these circumstances could materially and adversely impair our liquidity.

We have significant goodwill and intangible assets, and future impairment of our goodwill and intangible assets could have a material negative impact on our financial results.

At December 31, 2012, our goodwill and intangible assets were approximately \$477.1 million and represented approximately 42.2% of our total assets. If we experience declines in sales and operating profit or do not meet our current and forecasted operating budget, we may be subject to future goodwill and/or other intangible asset impairments. Historically, included within our net losses for the years ended December 31, 2008 and 2007 of \$136.2 million and \$158.4 million, respectively, were pre-tax, non-cash goodwill and indefinite-lived impairment charges of \$166.6 million and \$171.2 million, respectively. While the fair value of our remaining goodwill exceeds its carrying value, and we have not recorded goodwill or intangible asset impairment charges since 2008, significantly worse financial performance of our businesses, significantly different assumptions regarding future performance of our businesses or significant declines in our stock price could result in future impairment losses. Because of the significance of our goodwill and intangible assets, and based on the magnitude of historical impairment charges, any future impairment of these assets could have a material adverse effect on our financial results.

We may face liability associated with the use of products for which patent ownership or other intellectual property rights are claimed.

We may be subject to claims or inquiries regarding alleged unauthorized use of a third party's intellectual property. An adverse outcome in any intellectual property litigation could subject us to significant liabilities to third parties, require us to license technology or other intellectual property rights from others, require us to comply with injunctions to cease marketing or using certain products or brands, or require us to redesign, re-engineer, or re-brand certain products or packaging, any of which could affect our business, financial condition and operating results. If we are required to seek licenses under patents or other intellectual property rights of others, we may not be able to acquire these licenses on acceptable terms, if at all. In addition, the cost of responding to an intellectual property infringement claim, in terms of legal fees and expenses and the diversion of management resources, whether or not the claim is valid, could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to adequately protect our intellectual property.

While we believe that our patents, trademarks and other intellectual property have significant value, it is uncertain that this intellectual property or any intellectual property acquired or developed by us in the future, will provide a meaningful competitive advantage. Our patents or pending applications may be challenged, invalidated or circumvented by competitors or rights granted thereunder may not provide meaningful proprietary protection.

Moreover, competitors may infringe on our patents or successfully avoid them through design innovation. Policing unauthorized use of our intellectual property is difficult and expensive, and we may not be able to, or have the resources to, prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the U.S. The cost of protecting our intellectual property may be significant and have a material adverse effect on our financial condition and future results of operations.

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We may incur material losses and costs as a result of product liability, recall and warranty claims that may be brought against us.

We are subject to a variety of litigation incidental to our businesses, including claims for damages arising out of use of our products, claims relating to intellectual property matters and claims involving employment matters and commercial disputes.

We currently carry insurance and maintain reserves for potential product liability claims. However, our insurance coverage may be inadequate if such claims do arise and any liability not covered by insurance could have a material adverse effect on our business. Although we have been able to obtain insurance in amounts we believe to be appropriate to cover such liability to date, our insurance premiums may increase in the future as a consequence of conditions in the insurance business generally or our situation in particular. Any such increase could result in lower net income or cause the need to reduce our insurance coverage. In addition, a future claim may be brought against us that could have a material adverse effect on us. Any product liability claim may also include the imposition of punitive damages, the award of which, pursuant to certain state laws, may not be covered by insurance. Our product liability insurance policies have limits that, if exceeded, may result in material costs that could have an adverse effect on our future profitability. In addition, warranty claims are generally not covered by our product liability insurance. Further, any product liability or warranty issues may adversely affect our reputation as a manufacturer of high-quality, safe products, divert management's attention, and could have a material adverse effect on our business.

In addition, the Lamons business within our Energy reportable segment is a party to lawsuits related to asbestos contained in gaskets formerly manufactured by it or its predecessors. Some of this litigation includes claims for punitive and consequential as well as compensatory damages. We are not able to predict the outcome of these matters given that, among other things, claims may be initially made in jurisdictions without specifying the amount sought or by simply stating the minimum or maximum permissible monetary relief, and may be amended to alter the amount sought. Of the 7,880 claims pending at December 31, 2012, 89 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). See Note 15, "Commitments and Contingencies," included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K for additional information.

Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 20 years ago, have been approximately \$6.3 million. All relief sought in the asbestos cases is monetary in nature. To date, approximately 40% of 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 asbestos defense costs and indemnity insurance coverage available to us that might otherwise be disputed by the carriers and provides a methodology for the administration of such expenses. Nonetheless, we believe it is likely that there will be a period within the next one or two years, prior to the commencement of coverage under this agreement and following exhaustion of our primary insurance coverage, during which we likely will be solely responsible for defense costs and indemnity payments, the duration of which would be subject to the scope of damage awards and settlements paid. We also may incur significant litigation costs in defending these matters in the future. We may be required to incur additional defense costs and pay damage awards or settlements or become subject to equitable remedies that could adversely affect our businesses.

Our business may be materially and adversely affected by compliance obligations and liabilities under environmental laws and regulations.

We are subject to increasingly stringent environmental laws and regulations, including those relating to air emissions, wastewater discharges and chemical and hazardous waste management and disposal. Some of these environmental laws hold owners or operators of land or businesses liable for their own and for previous owners' or operators' releases of hazardous or toxic substances or wastes. Other environmental laws and regulations require the obtainment and compliance with environmental permits. To date, costs of complying with environmental, health and safety requirements have not been material. However, the nature of our operations and our long history of industrial activities at certain of our current or former facilities, as well as those acquired, could potentially result in material environmental liabilities.

While we must comply with existing and pending climate change legislation, regulation and international treaties or accords, current laws and regulations have not had a material impact on our business, capital expenditures or financial position. Future events, including those relating to climate change or greenhouse gas regulation could require us to incur expenses related to the modification or curtailment of operations, installation of pollution control equipment or investigation and cleanup of contaminated sites.

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Our borrowing costs may be impacted by our credit ratings developed by various rating agencies.

Two major ratings agencies, Standard & Poor's and Moody's, evaluate our credit profile on an ongoing basis and have each assigned ratings for our long-term debt. 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.

We have significant operating lease obligations and our failure to meet those obligations could adversely affect our financial condition.

We lease many of our manufacturing facilities and certain capital equipment. Our rental expense in 2012 under these operating leases was approximately \$22.8 million. A failure to pay our rental obligations would constitute a default allowing the applicable landlord to pursue any remedy available to it under applicable law, which would include taking possession of our property and, in the case of real property, evicting us. These leases are categorized as operating leases and are not considered indebtedness for purposes of our debt instruments.

We may be subject to further unionization and work stoppages at our facilities or our customers may be subject to work stoppages, which could seriously impact the profitability of our business.

As of December 31, 2012, approximately 24% of our work force was unionized under several different unions and bargaining agreements.

On November 21, 2012, we announced the decision to close our Goshen, Indiana, manufacturing facility within our Cequent Americas segment, impacting approximately 30% of our current unionized work force. Following ratification by the unionized workforce at the facility, we entered into a plant closing agreement on February 25, 2013, establishing the agreed upon terms of the plant closure with respect to the union workforce.

If our unionized workers were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations. In addition, if a greater percentage of our work force becomes unionized, our labor costs and risks associated with strikes, work stoppages or other slowdowns may increase.

On August 6, 2012, we concluded, without a work stoppage or strike, a three year extension of our labor agreement with the United Automobile, Aerospace and Agricultural Implement Workers of America at our aerospace facility in California.

On July 10, 2009, we reached a mutually agreeable settlement with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union regarding the duration of a neutrality agreement we have with the Union. The agreement, which expired by its terms on June 30, 2012, committed us to remain generally neutral in Union organizing drives through the duration of the agreement.

On August 17, 2009, the Union began an organizing drive at our facility located in Houston, Texas, which is included in our Energy segment. Since the Union obtained a simple majority of authorization cards during the organizing drive, on November 4, 2009 we recognized the Union at this facility. The recognition requires us and the Union to negotiate a first collective bargaining agreement within 180 days from the date of recognition. There is no threat of strike or work slowdown during the first collective bargaining agreement. On December 10, 2009, we received a notice of filing petition for union decertification at the Houston, Texas facility. A decertification vote administered by the National Labor Relations Board occurred on August 26, 2010; however, those ballots were impounded in light of the Union's previously filed request for review. On August 26, 2011, the National Labor Relations Board announced that it would not count the impounded ballots.

Other than as described above, we are not aware of any present active union organizing drives at any of our other facilities. We cannot predict the impact of any further unionization of our workplace.

Many of our direct or indirect customers have unionized work forces. Strikes, work stoppages or slowdowns experienced by these customers or their suppliers could result in slowdowns or closures of assembly plants where our products are included. In addition, organizations responsible for shipping our customers' products may be impacted by occasional strikes or other activity. Any interruption in the delivery of our customers' products could reduce demand for our products and could have a material adverse effect on us.

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Our healthcare costs for active employees and future retirees may exceed our projections and may negatively affect our financial results.

We maintain a range of healthcare benefits for our active employees and a limited number of retired employees pursuant to labor contracts and otherwise. Healthcare benefits for active employees and certain retirees are provided through comprehensive hospital, surgical and major medical benefit provisions or through health maintenance organizations, all of which are subject to various cost-sharing features. Some of these benefits are provided for in fixed amounts negotiated in labor contracts with the respective unions. If our costs under our benefit programs for active employees and retirees exceed our projections, our business and financial results could be materially adversely affected. Additionally, foreign competitors and many domestic competitors provide fewer benefits to their employees and retirees, and this difference in cost could adversely impact our competitive position.

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 and impact our ability to service debt.

We have extensive operations outside of the United States. Approximately 18.3% of our net sales for the year ended December 31, 2012 were derived from sales by our subsidiaries located outside of the U.S. In addition, we may significantly expand our international operations through internal growth and acquisitions. International operations, particularly sales to emerging markets and manufacturing in non-US countries, are subject to risks which are not present within U.S. markets, which include, but are not limited to, the following:

changes in local government regulations and policies including, but not limited to, foreign currency exchange controls or monetary policy, governmental embargoes, repatriation of earnings, expropriation of property, duty or tariff restrictions, investment limitations and tax policies;

political and economic instability and disruptions, including labor unrest, civil strife, acts of war, guerrilla activities, insurrection and terrorism;

legislation that regulates the use of chemicals;

disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including the Foreign Corrupt Practices Act ("FCPA");

compliance with international trade laws and regulations, including export control and economic sanctions, such as anti-dumping duties;

difficulties in staffing and managing multi-national operations;

limitations on our ability to enforce legal rights and remedies;

tax inefficiencies in repatriating cash flow from non-U.S. subsidiaries that could affect our financial results and reduce our ability to service debt;

reduced protection of intellectual property rights; and

other risks arising out of foreign sovereignty over the areas where our operations are conducted.

In addition, we could be adversely affected by violations of the FCPA and similar worldwide anti-bribery laws as well as export controls and economic sanction laws. The FCPA and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business.

Our stock price may be subject to significant volatility due to our own results or market trends.

If our revenue, earnings or cash flows in any quarter fail to meet the investment community's expectations, there could be an immediate negative impact on our stock price. Our stock price could also be impacted by broader market trends and world events unrelated to our performance.

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Heartland owns approximately 9.7% of our voting common equity.

Heartland Industrial Partners ("Heartland") beneficially owns approximately 9.7% of our outstanding voting common equity and one of our directors is the Managing Member of Heartland's general partner. As a result, Heartland has the ability to influence all matters submitted to our stockholders and all decisions to enter into any corporate transaction and any transaction that requires the approval of stockholders. So long as Heartland continues to own a significant amount of the outstanding shares of our common stock and maintains a director position, it will have the ability to influence our decisions. Its interests may differ from other stockholders and it may vote in a way with which other stockholders disagree. In addition, this concentration of ownership may have the effect of facilitating or deterring a change of control. Heartland also has the right to require us to file a registration statement with the SEC for purposes of registering for sale to the public some or all of the common stock of ours that it owns. See Item 13, "Certain Relationships and Related Transactions and Director Independence," within this Form 10-K for further information.

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Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Properties

Our principal manufacturing facilities range in size from approximately 10,000 square feet to approximately 380,000 square feet. Except as set forth in the table below, all of our manufacturing facilities are owned. The leases for our manufacturing facilities have initial terms that expire from 2013 through 2022 and are all renewable, at our option, for various terms, provided that we are not in default under the lease agreements. Substantially all of our owned U.S. real properties are subject to liens in connection with our credit facility. Our executive offices are located in Bloomfield Hills, Michigan under a lease through June 2015. Our buildings have been generally well maintained, are in good operating condition and are adequate for current production requirements.

The following list sets forth the location of our principal owned and leased manufacturing and other facilities used in continuing operations and identifies the principal reportable segment utilizing such facilities as of December 31, 2012:

Packaging	Energy	Aerospace & Defense	Engineered Components	Cequent Asia Pacific	Cequent Americas
United States:					
Arkansas:					United States:
Atkins ⁽¹⁾					Indiana:
California:					Goshen ⁽¹⁾
Azusa ⁽¹⁾					Huntington ⁽¹⁾
Rohnert Park ⁽¹⁾	United States:			International:	South Bend ⁽¹⁾
Indiana:	Texas:			Australia:	Iowa:
Auburn	Houston ⁽¹⁾			Lyndhurst,	Fairfield ⁽¹⁾
Hamilton ⁽¹⁾	International:			Victoria ⁽¹⁾	Michigan:
Ohio:	Brazil:		United States:	Perth, Western	Plymouth ⁽¹⁾
New Albany ⁽¹⁾	Sao Paulo ⁽¹⁾	United States:	Alabama:	Australia ⁽¹⁾	Tekonsha ⁽¹⁾
International:	Canada:	California:	Huntsville	Brisbane,	Ohio:
Germany:	Sarnia,	Commerce ⁽¹⁾	Oklahoma:	Queensland ⁽¹⁾	Solon ⁽¹⁾
Neunkirchen	Ontario ⁽¹⁾	Illinois:	Tulsa	South Africa:	International:
France:	China:	Rock Island ⁽²⁾	Texas:	Meyerton ⁽¹⁾	Canada:
Trappes	Hangzhou ⁽¹⁾		Longview	Thailand:	Burlington,
Italy:	India:			Chon Buri ⁽¹⁾	Ontario
Valmadrera,	Faridabad ⁽¹⁾			New Zealand:	Mexico:
Lecco	The Netherlands:			Christchurch ⁽¹⁾	Juarez ⁽¹⁾
Mexico:	Rotterdam ⁽¹⁾				Reynosa ⁽¹⁾
Mexico City					Brazil:
United Kingdom:					Sao Paulo ⁽¹⁾
Leicester					
China:					
Hangzhou ⁽¹⁾					

⁽¹⁾ Represents a leased facility. All such leases are operating leases.

⁽²⁾ Owned by the U.S. Government and operated by our NI Industries™ business under a facility maintenance contract.

Item 3. Legal Proceedings

See Note 15, "Commitments and Contingencies" included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

Supplementary Item. Executive Officers of the Company

See Item 10, "Directors, Executive Officers and Corporate Governance," included in Part III, within this Form 10-K.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock, par value \$0.01 per share, is listed for trading on the NASDAQ Global Select Market under the symbol "TRS." As of February 20, 2013, there were 551 holders of record of our common stock.

Our credit facility restricts the payment of dividends on common stock, as such we did not pay dividends in 2012 or 2011. Our current policy is to retain earnings to repay debt and finance our operations and acquisitions. See the discussion under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and Note 12 to the Company's financial statements captioned "Long-term Debt," included in Item 8 of this Form 10-K.

The high and low sales prices per share of our common stock by quarter, as reported on the NASDAQ through December 31, 2012, are shown below:

	Price range of common stock	
	High Price	Low Price
Year ended December 31, 2012		
4th Quarter	\$28.56	\$22.34
3rd Quarter	\$25.12	\$18.26
2nd Quarter	\$24.51	\$18.69
1st Quarter	\$25.50	\$18.06
Year ended December 31, 2011		
4th Quarter	\$21.06	\$14.04
3rd Quarter	\$26.78	\$13.84
2nd Quarter	\$24.75	\$19.73
1st Quarter	\$21.91	\$17.63

Please see Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," for securities authorized for issuance under equity compensation plans.

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Performance Graph

The following graph compares the cumulative total stockholder return from December 31, 2007 through December 31, 2012 for TriMas common stock, the Russell 2000 Index and a peer group⁽¹⁾ of companies we have selected for purposes of this comparison. We have assumed that dividends have been reinvested and returns have been weighted-averaged based on market capitalization. The graph assumes that \$100 was invested on December 31, 2007 in each of TriMas common stock, the stocks comprising the Russell 2000 Index and the stocks comprising the peer group.

⁽¹⁾ Includes Actuant Corporation, Carlisle Companies Inc., Crane Co., Dover Corporation, IDEX Corporation, Illinois Tool Works, Inc., Kaydon Corporation, SPX Corporation and Teleflex, Inc.

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Item 6. Selected Financial Data

The following table sets forth our selected historical financial data from continuing operations for the five years ended December 31, 2012. The financial data for each of the five years presented has been derived from our financial statements and notes to those financial statements, which have been audited by KPMG LLP. The following data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our audited financial statements included in Item 8 of this report.

	Year ended December 31,				
	2012	2011	2010	2009	2008
	(dollars and shares in thousands, except per share data)				
Statement of Income Data:					
Net sales	\$1,272,910	\$1,083,960	\$902,460	\$777,050	\$981,110
Gross profit	343,760	317,700	271,050	204,510	254,760
Impairment of goodwill and indefinite-lived intangible assets	—	—	—	—	(147,430)
Operating profit (loss)	127,870	131,320	109,340	49,500	(54,000)
Income (loss) from continuing operations	36,290	50,810	38,930	12,440	(110,190)
Per Share Data:					
Basic:					
Continuing operations	\$0.90	\$1.48	\$1.15	\$0.37	\$(3.30)
Weighted average shares	37,521	34,246	33,761	33,490	33,423
Diluted:					
Continuing operations	\$0.89	\$1.46	\$1.13	\$0.36	\$(3.30)
Weighted average shares	37,949	34,780	34,435	33,892	33,423
	Year ended December 31,				
	2012	2011	2010	2009	2008
	(dollars in thousands)				
Statement of Cash Flows Data:					
Cash flows provided by (used for)					
Operating activities	\$73,220	\$95,810	\$94,960	\$83,510	\$31,170
Investing activities	(133,000)	(25,230)	(37,850)	9,130	(33,380)
Financing activities	(8,560)	(28,030)	(20,220)	(87,070)	1,320
Balance Sheet Data:					
Total assets	\$1,130,960	\$991,900	\$925,720	\$825,780	\$930,220
Total debt	422,440	469,900	494,650	514,550	609,940
Goodwill and other intangibles	477,100	371,030	365,800	360,410	380,100

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The statements in the discussion and analysis regarding industry outlook, our expectations regarding the performance of our business and the other non-historical statements in the discussion and analysis are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Item 1A "Risk Factors." 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 Item 8, "Financial Statements and Supplementary Data."

Introduction

We are a global manufacturer and distributor of products for commercial, industrial and consumer markets. We are principally engaged in six reportable segments: Packaging, Energy, Aerospace & Defense, Engineered Components, Cequent Asia Pacific and Cequent Americas.

Key Factors and Risks Affecting Our Reported Results. Our businesses and results of operations depend upon general economic conditions and we serve some customers in cyclical industries that are highly competitive and themselves significantly impacted by changes in economic conditions. Over the past few years, global economic conditions have cycled through significant changes. The economy was in a period of recovery during 2011, which, along with significant market share gains and new product introductions, resulted in year-over-year net sales increases in all six of our reportable segments. The economic conditions have continued into 2012 in certain markets, which, together with market share gains, new product introductions and acquisitions, resulted in year-over-year net sales increases in five of our six reportable segments.

Over the past two years, we have accelerated our growth strategies via bolt-on acquisitions and geographic expansion within our existing platforms, primarily within our Packaging and Energy reportable segments. We have also proceeded with footprint consolidation projects within our Cequent reportable segments, moving forward with more efficient facilities and lower-cost country production. While our growth strategies, particularly in Packaging and Energy, have helped to significantly increase our net sales levels and set the foundation for continued growth, combined with our Cequent footprint projects will yield more effective and efficient manufacturing capability and flexibility while also reducing costs, our earnings margins have declined as we incur costs to pursue these endeavors. For Packaging and Energy, margins have declined at the onset of the acquisitions and new branch location openings due to acquisition/setup and diligence costs, purchase accounting adjustments, integration costs, costs to penetrate new markets and from acquiring companies with historically lower margins than our legacy businesses. For the Cequent businesses, duplicative costs from multiple facilities, manufacturing inefficiencies associated with the start-up of new facilities and move costs have significantly impacted margins. While these endeavors have significantly impacted margins in 2012, we believe that the margins in the Packaging and Energy businesses will moderate to historical levels over time as we integrate them into our businesses and capitalize on productivity initiatives and volume efficiencies, and Cequent margins will improve once the facilities are fully operational.

Critical factors affecting our ability to succeed include: our ability to create organic growth through product development, cross selling and extending product-line offerings, and our ability to quickly and cost-effectively introduce new products; our ability to acquire and integrate companies or products that supplement existing product lines, add new distribution channels, expand our geographic coverage or enable better absorption of overhead costs; our ability to manage our cost structure more efficiently via 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 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.

There is some seasonality in the businesses within our Cequent reportable segments, primarily within Cequent Americas, where sales of towing and trailering products 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 reportable segment experiences significant seasonal fluctuation. We do not consider sales order backlog to be a material factor in our business. A growing portion of our sales are derived from

international sources, which exposes us to certain risks, including currency risks.

The demand for some of our products, particularly in our two Cequent reportable segments, is heavily influenced by consumer sentiment. Despite the sales increases in the past two years, we recognize that consumer sentiment and the end market conditions remain unstable, primarily for Cequent Americas, given continued uncertainties in employment levels and consumer credit availability, both of which significantly impact consumer discretionary spending.

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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. We also utilize pricing programs to pass increased steel, copper, aluminum and resin costs to customers. Although we may experience delays in our ability to implement price increases, we have been generally able to recover such increased costs, except for certain circumstances, primarily within Cequent Americas during 2011, where we intentionally kept selling prices constant for certain customers despite material price increases to earn incremental sales. We may experience disruptions in supply in the future and 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 or other raw material costs. However, such increased costs may adversely impact our earnings. We report shipping and handling expenses associated with our Cequent Americas reportable segment's distribution network as an element of selling, general and administrative expenses in our consolidated statement of operations. As such, gross margins for the Cequent Americas reportable segment may not be comparable to those of our other reportable segments, which primarily rely on third party distributors, for which all costs are included in cost of sales.

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Segment Information and Supplemental Analysis

The following table summarizes financial information for our six reportable segments:

	Year ended December 31,							
	2012	As a Percentage of Net Sales	2011	As a Percentage of Net Sales	2010	As a Percentage of Net Sales		
	(dollars in thousands)							
Net Sales								
Packaging	\$275,160	21.6	% \$185,240	17.1	% \$171,170	19.0	%	
Energy	190,210	14.9	% 166,780	15.4	% 129,100	14.3	%	
Aerospace & Defense	78,580	6.2	% 78,590	7.2	% 73,930	8.2	%	
Engineered Components	200,000	15.7	% 175,350	16.2	% 113,000	12.5	%	
Cequent Asia Pacific	128,560	10.1	% 94,290	8.7	% 75,990	8.4	%	
Cequent Americas	400,400	31.5	% 383,710	35.4	% 339,270	37.6	%	
Total	\$1,272,910	100.0	% \$1,083,960	100.0	% \$902,460	100.0	%	
Gross Profit								
Packaging	\$92,850	33.7	% \$74,350	40.1	% \$70,050	40.9	%	
Energy	48,190	25.3	% 45,480	27.3	% 36,930	28.6	%	
Aerospace & Defense	31,850	40.5	% 29,790	37.9	% 27,610	37.3	%	
Engineered Components	40,200	20.1	% 38,920	22.2	% 22,580	20.0	%	
Cequent Asia Pacific	26,140	20.3	% 24,750	26.2	% 20,450	26.9	%	
Cequent Americas	104,530	26.1	% 104,410	27.2	% 93,430	27.5	%	
Total	\$343,760	27.0	% \$317,700	29.3	% \$271,050	30.0	%	
Selling, General and Administrative								
Packaging	\$35,300	12.8	% \$26,260	14.2	% \$20,450	11.9	%	
Energy	30,340	16.0	% 25,850	15.5	% 22,170	17.2	%	
Aerospace & Defense	11,030	14.0	% 11,070	14.1	% 9,510	12.9	%	
Engineered Components	12,460	6.2	% 11,460	6.5	% 9,410	8.3	%	
Cequent Asia Pacific	13,870	10.8	% 10,840	11.5	% 8,400	11.1	%	
Cequent Americas	77,150	19.3	% 71,670	18.7	% 65,540	19.3	%	
Corporate expenses	36,020	N/A	29,370	N/A	24,710	N/A		
Total	\$216,170	17.0	% \$186,520	17.2	% \$160,190	17.8	%	
Operating Profit (Loss)								
Packaging	\$57,550	20.9	% \$48,060	25.9	% \$48,710	28.5	%	
Energy	17,810	9.4	% 19,740	11.8	% 14,700	11.4	%	
Aerospace & Defense	20,820	26.5	% 18,640	23.7	% 18,090	24.5	%	
Engineered Components	27,990	14.0	% 27,620	15.8	% 12,660	11.2	%	
Cequent Asia Pacific	12,300	9.6	% 13,900	14.7	% 12,050	15.9	%	
Cequent Americas	27,420	6.8	% 32,730	8.5	% 27,840	8.2	%	
Corporate expenses	(36,020)	N/A	(29,370)	N/A	(24,710)	N/A		
Total	\$127,870	10.0	% \$131,320	12.1	% \$109,340	12.1	%	
Capital Expenditures								
Packaging	\$15,470	5.6	% \$5,420	2.9	% \$5,200	3.0	%	
Energy	5,210	2.7	% 3,710	2.2	% 3,660	2.8	%	
Aerospace & Defense	3,210	4.1	% 2,410	3.1	% 1,850	2.5	%	
Engineered Components	4,090	2.0	% 5,490	3.1	% 2,780	2.5	%	
Cequent Asia Pacific	8,290	6.4	% 8,780	9.3	% 3,530	4.6	%	

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Cequent Americas	9,670	2.4	% 2,400	0.6	% 3,100	0.9	%
Corporate	180	N/A	170	N/A	230	N/A	
Total	\$46,120	3.6	% \$28,380	2.6	% \$20,350	2.3	%

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	Year ended December 31,							
	2012	As a Percentage of Net Sales	2011	As a Percentage of Net Sales	2010	As a Percentage of Net Sales		
	(dollars in thousands)							
Depreciation and Amortization								
Packaging	\$17,970	6.5	% \$13,200	7.1	% \$12,640	7.4	%	
Energy	3,600	1.9	% 2,790	1.7	% 1,960	1.5	%	
Aerospace & Defense	2,660	3.4	% 2,580	3.3	% 2,330	3.2	%	
Engineered Components	3,860	1.9	% 3,540	2.0	% 2,710	2.4	%	
Cequent Asia Pacific	3,840	3.0	% 3,860	4.1	% 2,820	3.7	%	
Cequent Americas	12,780	3.2	% 12,170	3.2	% 13,110	3.9	%	
Corporate	160	N/A	150	N/A	120	N/A		
Total	\$44,870	3.5	% \$38,290	3.5	% \$35,690	4.0	%	

Results of Operations

Year Ended December 31, 2012 Compared with Year Ended December 31, 2011

The principal factors impacting us during the year ended December 31, 2012 compared with the year ended December 31, 2011 were:

the impact of our Arminak & Associates, LLC ("Arminak") and Innovative Molding acquisitions in our Packaging reportable segment, the CIFAL Industrial e Comercial Ltda ("CIFAL") acquisition in our Energy reportable segment, the Trail Com Limited ("Trail Com") acquisition in our Cequent Asia Pacific reportable segment and the Engetran Engenharia, Industria, e Comercio de Pecas e Accesorios Veiculares Ltda ("Engetran") acquisition in our Cequent Americas reportable segment;

market share gains and new product introductions in 2012, primarily within our Energy, Engineered Components, Cequent Asia Pacific and Cequent Americas reportable segments;

- continued economic strength in certain of the markets our businesses serve in 2012 compared to 2011, contributing to increased net sales in five of six of our reportable segments;

our equity offering during 2012, where we issued 4,000,000 shares of common stock for net proceeds of approximately \$79.0 million, of which approximately \$54.9 million was utilized to partially redeem \$50.0 million aggregate principal amount of our 9³/₄% senior secured notes due 2017;

debt extinguishment costs associated with the redemption of our 9³/₄% senior secured notes due 2017 and our amended and restated credit agreement ("ARCA"); and

footprint consolidation and relocation projects within our Cequent Americas and Cequent Asia Pacific reportable segments, under which we incurred approximately \$11.5 million of manufacturing inefficiencies, facility move and duplicate costs during 2012.

Overall, net sales increased approximately \$189.0 million, or approximately 17.4%, to \$1.27 billion in 2012, as compared to \$1.08 billion in 2011. During 2012, net sales increased in all of our reportable segments except for Aerospace & Defense. Of the sales increase, approximately \$108.3 million was due to our recent acquisitions. The remainder of the increase in sales levels between years was due to continued market share gains, primarily in the Energy and Engineered Components reportable segments, our expansion in international markets, primarily in our Energy and Cequent Asia Pacific reportable segments, our new product introductions and related growth, primarily in our Engineered Components and Cequent Asia Pacific reportable segments and the impact of continued economic strength in certain of our end markets. These increases were partially offset by approximately \$5.3 million due to unfavorable currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the stronger U.S. dollar relative to foreign currencies.

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Gross profit margin (gross profit as a percentage of sales) approximated 27.0% and 29.3% in 2012 and 2011, respectively. The gross profit margin in our Aerospace & Defense reportable segment improved by 260 basis points during 2012 compared to 2011, due primarily to a more favorable product sales mix resulting from an increase in percentage of sales from higher-margin aerospace products. However, gross profit margins declined in each of our other five reportable segments, primarily due to approximately \$2.7 million of purchase accounting adjustments related to step-up in value and subsequent sale of inventory and other costs associated with our recent acquisitions in our Packaging, Energy and Cequent Asia Pacific reportable segments, approximately \$11.5 million of costs incurred related to our manufacturing facility footprint consolidation and relocation projects in our Cequent Asia Pacific and Cequent Americas reportable segments and a less favorable product sales mix in several of our reportable segments. While we continue to generate significant savings from capital investments, productivity projects and lean initiatives across all of our businesses, the savings from those projects has primarily been offset by economic cost increases and our investment in growth initiatives.

Operating profit margin (operating profit as a percentage of sales) approximated 10.0% and 12.1% in 2012 and 2011, respectively. Operating profit decreased \$3.5 million, or 2.6%, to \$127.9 million in 2012 as compared to \$131.3 million in 2011, as the profit earned on the higher sales levels was more than offset by our acquisition related costs in the Packaging, Energy, Cequent Asia Pacific and Cequent Americas reportable segments, a less favorable product mix in multiple reportable segments, costs incurred associated with our manufacturing facility footprint consolidation and relocation projects in our Cequent Asia Pacific and Cequent Americas reportable segments and increased selling, general and administrative expenses related to acquisitions and to support our sales growth initiatives.

Interest expense decreased approximately \$8.7 million, to \$35.8 million in 2012, as compared to \$44.5 million in 2011. The decline was primarily due to a reduction in our overall interest rates due to the redemption in 2012 of our senior notes due 2017 ("Senior Notes"), which bore interest at 9³/₄%, and the refinance of our credit agreement at lower interest rates. Interest expense declined due to a decrease in our effective weighted average interest rate on our U.S. credit and accounts receivable facility borrowings to approximately 3.5% in 2012, from 4.6% in 2011. Partially offsetting these reductions was an increase in our weighted-average U.S. credit and accounts receivable facility borrowings to approximately \$321.7 million in 2012, from approximately \$290.4 million in 2011.

We incurred debt extinguishment costs of approximately \$46.8 million in 2012 related to the redemption of our Senior Notes and refinance of our U.S. bank debt. In 2011, we incurred approximately \$4.0 million of debt extinguishment costs related to the refinance of our former U.S. bank debt.

Other expense, net decreased approximately \$0.1 million to \$3.0 million in 2012, from \$3.1 million in 2011. There were no significant changes in the composition of other expense, net, as our foreign currency exchange losses and other expenses remained essentially flat in 2012 and 2011.

The effective income tax rate for 2012 was 14.1%, compared to 36.3% for 2011. During 2012, we reported domestic and foreign pre-tax income of approximately \$11.9 million and \$30.3 million, respectively, and recognized tax benefits of approximately \$4.9 million primarily attributable to international restructuring events completed in 2012, a change in an uncertain tax position for which the statute of limitations expired and related to tax holidays. In addition, we incurred tax charges of approximately \$1.6 million during 2012 directly attributable to increases in valuation allowances on certain deferred tax assets including foreign tax operating loss carryforwards. In 2011, we reported domestic and foreign pre-tax income of approximately \$49.1 million and \$30.6 million, respectively, and incurred tax charges of approximately \$1.3 million directly attributable to international restructuring events completed. We also recognized net tax benefits of \$1.0 million primarily related to a change in an uncertain tax position for which the statute of limitations expired, as well as certain tax credits that we expected to realize.

Income from continuing operations decreased approximately \$14.5 million to \$36.3 million in 2012, from \$50.8 million in 2011. Operating profit decreased \$3.5 million as the profit earned on higher sales was more than offset by acquisition related costs, a less favorable product mix and costs incurred related to our manufacturing facility footprint consolidation and relocation projects. The \$3.5 million decrease in operating profit, plus the incremental \$42.8 million in debt extinguishment costs year-over-year related to the refinance of our credit agreement and the redemption of our Senior Notes during 2012, less the \$8.7 million reduction in interest expense, primarily due to our lower interest rates

as a result of the refinance of our U.S. bank debt and the redemption of our Senior Notes, less the \$23.0 million decrease in income taxes, primarily related to lower income levels and effective tax rate in 2012 compared to 2011, all resulted in the decrease in income from continuing operations in 2012 compared to 2011.

Net income attributable to noncontrolling interest was \$2.4 million in 2012, as a result of our 70% acquisition in Arminak in February 2012, which represents the 30% interest not attributed to TriMas Corporation.

See below for a discussion of operating results by reportable segment.

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Packaging. Net sales increased approximately \$89.9 million, or 48.5%, to \$275.2 million in 2012, as compared to \$185.2 million in 2011. Our acquisitions of Arminak in February 2012 and Innovative Molding in August 2011 contributed approximately \$89.8 million of the sales increase. Sales of our specialty systems products increased by approximately \$9.2 million, as an increase in North American sales more than offset a decline in European sales. These increases in sales were partially offset by a decrease in sales of our industrial closures, rings and levers of approximately \$5.7 million, primarily due to continued weak demand throughout Europe and lower demand in North America during 2012 as customers responded to weak end-market demand and uncertain economic conditions. In addition, sales decreased by approximately \$3.4 million due to unfavorable currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the stronger U.S. dollar relative to foreign currencies. Packaging's gross profit increased approximately \$18.5 million to \$92.9 million, or 33.7% of sales in 2012, as compared to \$74.4 million, or 40.1% of sales in 2011. Gross profit increased primarily due to the higher sales levels as a result of our acquisitions of Arminak and Innovative Molding. Gross profit dollars and margin declined as a result of \$1.1 million of incremental purchase accounting adjustments in 2012 related to step-up in value and subsequent amortization of inventory and intangible assets of our acquisition of Arminak compared to similar costs in 2011 for Innovative Molding. Gross profit margin further declined due to a less favorable product sales mix, as Arminak and Innovative Molding both yield lower gross margins than the legacy Packaging business and as a result of approximately \$1.3 million of unfavorable currency exchange. While this segment continues to generate savings from its productivity and automation initiatives, the savings from these projects was more than offset by further reductions in gross profit resulting from lower industrial product sales and increased international freight costs. Packaging's selling, general and administrative expenses increased approximately \$9.0 million to \$35.3 million, or 12.8% of sales in 2012, as compared to \$26.3 million, or 14.2% of sales in 2011. This segment incurred approximately \$1.0 million in combined travel, legal, finance and other diligence costs associated with consummating the acquisition of Arminak and approximately \$3.1 million of incremental intangible asset amortization costs for Arminak and Innovative Molding. The remainder of the year-over-year increase is primarily related to operating selling, general and administrative expenses in the two acquired companies, partially offset by the recognition of a previously deferred gain of \$1.5 million associated with a postretirement benefit plan. Selling, general and administrative expenses decreased as a percentage of sales due to both the postretirement benefit gain and the operating leverage gained on the higher sales levels. Packaging's operating profit increased approximately \$9.5 million to \$57.6 million, or 20.9% of sales in 2012, as compared to \$48.1 million, or 25.9% of sales, in 2011. Operating profit increased primarily due to our higher sales levels as a result of our acquisitions and the recognition in 2012 of the previously deferred postretirement benefit gain. Operating profit margin declined primarily due to the aforementioned purchase accounting adjustments and acquisition costs and a less favorable product sales mix, primarily resulting from the mix shift of more sales generated by the acquired companies, which had lower historical margins than the legacy Packaging business.

Energy. Net sales in 2012 increased approximately \$23.4 million, or 14.0%, to \$190.2 million, as compared to \$166.8 million in 2011. Of this increase, approximately \$8.7 million was due to continued market share gains within our highly-engineered bolt product line, \$7.4 million resulted from incremental sales generated by our new Grimsby, United Kingdom; Midland, Michigan; Minneapolis, Minnesota; Tarragona, Spain; and Singapore branch facilities and \$2.9 million was due to the acquisition of CIFAL in July 2012. The remaining \$4.4 million year-over-year change was primarily due to increased levels of turnaround activity at refineries and petrochemical plants and increased activity with upstream/midstream customers, offset by approximately \$1.0 million of unfavorable currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the stronger U.S. dollar relative to foreign currencies. Gross profit within Energy increased approximately \$2.7 million to \$48.2 million, or 25.3% of sales, in 2012, as compared to \$45.5 million, or 27.3% of sales, in 2011, primarily due to higher sales levels between years driven by our continued branch expansions and CIFAL acquisition. However, gross profit margin declined year-over-year, as we incurred approximately \$1.1 million in 2012 of purchase accounting-related adjustments related to the step-up in value and subsequent amortization of inventory and intangible assets in connection with the CIFAL acquisition. In addition,

margins were further negatively impacted by both a less favorable product sales mix, as standard gaskets and bolts, which return lower margins than highly-engineered gaskets and bolts, comprised a larger percentage of net sales and due to our newer international branches, which generally have lower margins due to aggressively pricing products to penetrate the market in addition to requiring infrastructure to support future sales growth.

Selling, general and administrative expenses within Energy increased approximately \$4.5 million to \$30.3 million, or 16.0% of net sales, in 2012, as compared to \$25.9 million or 15.5% of net sales, in 2011. This segment incurred approximately \$1.3 million in incremental costs related to the acquisition of CIFAL for selling, general and administrative costs, including approximately \$0.5 million of legal, finance and other diligence costs associated with execution of the acquisition. The remainder of the increase is primarily related to higher employee and professional fee costs associated with our growth initiatives.

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Overall, operating profit within Energy decreased approximately \$1.9 million to \$17.8 million, or 9.4% of sales, in 2012, as compared to \$19.7 million, or 11.8% of sales, in 2011, due to the aforementioned impact of purchase accounting adjustments and acquisition costs, a less favorable product sales mix and a higher sales support costs. Aerospace & Defense. Net sales in 2012 remained flat at \$78.6 million as compared to 2011. Sales in our aerospace business increased approximately \$9.7 million, primarily due to higher sales levels in our blind bolt and temporary fastener product lines as a result of increased demand from our distribution customers in response to new programs and increased activity with airplane frame manufacturers, as well as the recent introduction of new products and sales growth in China. This increase was offset by a decrease in sales in our defense business, primarily associated with managing the relocation to and establishment of the new defense facility, which is now in the final stages of completion.

Gross profit within Aerospace & Defense increased approximately \$2.1 million to \$31.9 million, or 40.5% of sales, in 2012, from \$29.8 million, or 37.9% of sales, in 2011, primarily as a result of increased sales levels in our aerospace business. Gross profit margin in our aerospace business remained relatively flat year-over-year, as the leverage of higher sales levels was offset by labor inefficiencies and costs associated with the start up of a new facility to manufacture aerospace collars in Tempe, Arizona. Overall segment gross margin increased due to a more favorable product sales mix, primarily resulting from an increase in percentage of sales from higher-margin aerospace products. Selling, general and administrative expenses remained relatively flat at \$11.0 million, or 14.0% of sales, in 2012, as compared to \$11.1 million, or 14.1% of sales, in 2011. Higher employee, legal and diligence costs in support of our growth initiatives in our aerospace business were mostly offset by decreased sales commissions, as a lower percentage of our sales in the year ended December 31, 2012 were subject to third-party commission arrangements than in the year ended December 31, 2011, as well as a general decrease in spending in our defense business as the defense facility relocation winds-down.

Operating profit within Aerospace & Defense increased approximately \$2.2 million to \$20.8 million, or 26.5% of sales, in 2012, as compared to \$18.6 million, or 23.7% of sales, in 2011, primarily as a result of the increase in sales levels in our aerospace business and a more favorable product sales mix resulting from a higher percentage of segment revenue being generated from our higher-margin aerospace products.

Engineered Components. Net sales in 2012 increased approximately \$24.7 million, or 14.1%, to \$200.0 million, as compared to \$175.4 million in 2011. Sales of slow speed and compressor engines and related products increased by approximately \$17.3 million, as sales of engines and engine parts increased by approximately \$14.1 million due to continued increases in oil drilling activity. Sales of gas compression products and processing and meter run equipment increased by approximately \$3.2 million, as we continue to introduce new products to add to our well-site content, including the application of emerging technology utilizing high pressure compression cylinders for alternative distribution of well-site content. Sales in our industrial cylinder business increased by approximately \$7.4 million primarily due to market share gains, which we believe were partially aided by recent competitive balance initiatives in the high pressure steel cylinder market following the ITC's May 2012 imposition of anti-dumping and countervailing duties on imported high pressure steel cylinders.

Gross profit within Engineered Components increased approximately \$1.3 million to \$40.2 million, or 20.1% of sales, in 2012, from \$38.9 million, or 22.2% of sales, in 2011, primarily due to the higher sales levels. Gross profit margins on our industrial cylinder business remained consistent year-over-year, as margin increases from continued pricing and productivity improvement efforts were offset by increased freight costs generated by higher domestic sales during the second half of 2012. Gross profit margins in our engine business declined due to a less favorable product mix, with more sales of lower margin, oil production engines and less sales of higher margin, natural gas production engines and related parts. In addition, the engine business gross margins declined as a result of lower fixed cost absorption due to lower production and procurement levels in the back half of 2012.

Selling, general and administrative expenses increased approximately \$1.0 million to \$12.5 million, or 6.2% of sales, in 2012, as compared to \$11.5 million, or 6.5% of sales, in 2011, primarily as a result of increased selling and labor costs in support of our sales growth initiatives. Selling, general and administrative expenses as a percentage of sales declined slightly year-over-year due to the operating leverage gained on higher sales levels.

Operating profit within Engineered Components increased approximately \$0.4 million to \$28.0 million, or 14.0% of sales, in 2012, as compared to \$27.6 million, or 15.8% of sales, in 2011, primarily due to the higher sales levels between years. However, operating profit margins decreased due to a less favorable product sales mix and lower fixed cost absorption in our engine business.

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Cequent Asia Pacific. Net sales increased approximately \$34.3 million, or 36.3%, to \$128.6 million in 2012, as compared to \$94.3 million in 2011. Approximately \$19.7 million of the increase was due to higher sales levels in Thailand primarily due to new business awards, \$6.9 million was due to the acquisition of Trail Com in July 2012, with operations in Australia and New Zealand and \$3.2 million was due to the BTM acquisition in South Africa, completed during the fourth quarter of 2011. Net sales in 2012 has also been aided by increased consumer spending and increased vehicle availability as the economy in this region began to stabilize during the second half of 2011 and throughout 2012 following the late 2010 / early 2011 flooding in Queensland, Australia and the tsunami in Japan, both of which negatively impacted sales levels throughout much of 2011. Partially offsetting these increases was the negative impact of approximately \$0.6 million of currency exchange, as our reported results in U.S. dollars were negatively impacted as a result of the stronger U.S. dollar relative to foreign currencies.

Cequent Asia Pacific's gross profit increased approximately \$1.4 million to \$26.1 million, or 20.3% of net sales in 2012, from approximately \$24.8 million, or 26.2% of net sales, in 2011, primarily due to the increase in sales levels between years and savings generated from productivity projects. However, gross profit margin declined due to approximately \$5.8 million of manufacturing inefficiencies, duplicate costs and lower fixed cost absorption directly related to the consolidation of two existing manufacturing facilities into one new manufacturing facility in Australia, which opened in June 2012, and due to a less favorable product sales mix, primarily resulting from Thailand, Trail Com and BTM having lower gross margins than the remainder of the Cequent Asia Pacific business. In addition, gross profit margin decreased due to purchase accounting-related adjustments related to the step up in value and subsequent sale of inventory in connection with our Trail Com acquisition.

Cequent Asia Pacific's selling, general and administrative expenses increased approximately \$3.0 million to \$13.9 million, or 10.8% of sales in 2012, as compared to \$10.8 million, or 11.5% of sales in 2011, primarily in support of our growth initiatives as well as normal selling and administrative expenses from our newly acquired BTM and Trail Com businesses. However, selling, general and administrative expenses declined by 70 basis points year-over-year as a percentage of sales due to the operating leverage gained on the higher sales levels.

Cequent Asia Pacific's operating profit decreased approximately \$1.6 million to \$12.3 million, or 9.6% of sales, in 2012, from \$13.9 million, or 14.7% of net sales in 2011, as the profit earned on the higher sales levels was more than offset by the manufacturing inefficiencies, duplicate costs and lower fixed cost absorption related to the move to a new manufacturing facility, a less favorable product sales mix resulting from growth in Thailand and the acquisitions of Trail Com and BTM, costs related to the step-up and sale of inventory in the Trail Com acquisition and higher selling, general and administrative expenses in support of our sales growth initiatives.

Cequent Americas. Net sales increased approximately \$16.7 million, or 4.3%, to \$400.4 million in 2012, as compared to \$383.7 million in 2011, primarily due to a year-over-year increase within our auto OE, industrial and aftermarket channels. Of this increase, \$11.0 million relates to sales within our auto OE channel due to strong OEM build rates, new business awards and market share gains. Sales within our industrial channel increased by \$2.6 million, primarily in the industrial OE market, and sales within our aftermarket channel increased \$2.5 million, predominately due to growth in the Internet retailer market and due to our July 2012 acquisition of Engetran, which generated \$1.9 million in sales during 2012. Sales remained relatively flat in our retail channel despite a one-time stocking order of approximately \$4.5 million for a significant customer in 2011 that did not recur in 2012. We were able to slightly more than replace the sales of the 2011 one-time stocking order via market share gains at certain of our existing customers to whom we now provide additional products and through sales related to our new broom and brush product line.

Cequent Americas' gross profit increased approximately \$0.1 million to \$104.5 million, or 26.1% of sales, in 2012, from approximately \$104.4 million, or 27.2% of sales, in 2011, as the profit generated from the increase in sales and profitability enhancement projects was almost offset by approximately \$5.7 million of costs incurred related to the expansion of our manufacturing capacity and footprint in our lower cost country facilities and subsequent move of certain OE production thereto. During 2012, this segment realized savings related to the combination of material sourcing projects, manufacturing a higher percentage of goods in our low cost country facilities and higher fixed cost absorption as a result of higher plant volumes, which were partially offset by commodity price increases and a less

favorable product sales mix, with our lower margin channels comprising a larger percentage of sales. Selling, general and administrative expenses increased approximately \$5.5 million to \$77.2 million, or 19.3% of sales, in 2012, as compared to \$71.7 million, or 18.7% of sales, in 2011, primarily as a result of higher diligence, legal and ongoing selling, general and administrative costs of approximately \$1.9 million associated with our acquisitions of Engetran and our new broom and brush product line and the recognition of approximately \$1.8 million of selling, general and administrative expenses associated with our actions to move production to lower cost countries. During 2012, this segment also incurred higher employee costs in support of our growth initiatives.

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Cequent Americas' operating profit decreased approximately \$5.3 million to \$27.4 million, or 6.8% of sales, in 2012, from \$32.7 million, or 8.5% of net sales, in 2011, as the gross profit earned on the higher sales levels, material sourcing projects, low cost country manufacturing and higher fixed cost absorption in 2012 was more than offset by costs associated with the footprint and lower cost country project, higher commodity prices, a less favorable product sales mix and due to higher selling, general and administrative expenses.

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

	Year ended December 31,	
	2012	2011
	(in millions)	
Corporate operating expenses	\$14.5	\$11.5
Employee costs and related benefits	21.4	17.8
Management fees and expenses	0.1	0.1
Corporate expenses	\$36.0	\$29.4

Corporate expenses included in operating profit increased approximately \$6.6 million to \$36.0 million in 2012, from \$29.4 million in 2011. The increase between years is primarily attributed to an increase in third party professional fees, primarily supporting our international growth efforts, and higher employee costs and related benefits associated with long-term incentive programs.

Discontinued Operations. The results of discontinued operations consist of our precision tool cutting and specialty fitting lines of business, which were sold in December 2011. There were no businesses classified as discontinued operations in 2012. Income from discontinued operations, net of income tax expense, was \$9.6 million in 2011. See Note 6, "Discontinued Operations," to our consolidated financial statements attached herein.

Year Ended December 31, 2011 Compared with Year Ended December 31, 2010

The principal factors impacting us during the year ended December 31, 2011 compared with the year ended December 31, 2010 were:

- the impact of the continued upturn in economic conditions in 2011 compared to 2010, contributing to increased net sales in all six of our reportable segments;
 - market share gains and new product introductions in 2011, primarily within our Engineered Components, Energy and Cequent Americas reportable segments;
 - the impact of our recent acquisitions, most notably South Texas Bolt & Fitting, Taylor-Wharton and Innovative Molding in our Energy, Engineered Components and Packaging reportable segments, respectively;
 - the favorable impact of currency exchange, as our reported results were favorably impacted by stronger foreign currencies, primarily in our Packaging and Cequent Asia Pacific reportable segments; and
- a mix shift of the earnings generated by and within our reportable segments, resulting in slightly lower total Company gross profit margin and flat year-over-year operating profit margin due to the significant growth in our historically lower-margin Energy and Engineered Components reportable segments than within our other reportable segments. Overall, net sales increased approximately \$181.5 million, or approximately 20.1%, to \$1.08 billion in 2011, as compared to \$902.5 million in 2010. During 2011, net sales increased in each of our six reportable segments. Of the sales increase, approximately \$42.4 million was due to our South Texas Bolt & Fitting, Taylor-Wharton, Innovative Molding and BTM acquisitions. In addition, net sales were favorably impacted by approximately \$14.4 million as a result of currency exchange, as our reported results in U.S. dollars were positively impacted by stronger foreign currencies, primarily in Australia. The remainder of the increase in sales levels between years was due to the upturn in the economic conditions compared to 2010, generally aiding sales in all of our reportable segments, our continued market share gains, primarily in the Engineered Components, Energy, and Cequent Americas reportable segments, our expansion into new markets, primarily in our Energy and Cequent Asia Pacific reportable segments and our new product introductions and related growth, primarily in our Engineered Components and Cequent Americas reportable segments.

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Gross profit margin (gross profit as a percentage of sales) approximated 29.3% and 30.0% in 2011 and 2010, respectively. The decrease in profit margin is attributed primarily to a mix shift, as the reportable segments with lower gross profit margins, Engineered Components and Energy, encompassed a greater percentage of total Company sales following their significant increases in sales in 2011 over 2010 compared to the other reportable segments. While we continue to generate significant savings from capital investments, productivity projects, and sourcing and lean initiatives, the savings from those projects has been more than offset by the mix shift, our investment in growth initiatives, economic cost increases and purchase accounting costs associated with acquisitions.

Operating profit margin (operating profit as a percentage of sales) approximated 12.1% in both 2011 and 2010. Operating profit increased \$22.0 million, or 20.1%, to \$131.3 million in 2011 as compared to \$109.3 million in 2010, primarily as a result of the higher sales levels. Our operating margins remained flat, as the favorable impact of fixed cost reductions implemented throughout 2010 and 2011, savings generated by productivity, lean and sourcing initiatives, operating leverage gained on the higher sales levels and lower selling, general and administrative expenses as a percentage of sales, primarily due to the higher sales levels, was effectively offset by the unfavorable sales mix shift between our reportable segments, with our lower margin reportable segments comprising a larger percentage of total Company sales, and purchase accounting costs.

Interest expense decreased approximately \$7.4 million, to \$44.5 million in 2011, as compared to \$51.8 million in 2010. The primary reason for the decline is related to interest expense recorded for interest rate swaps, for which we recorded approximately \$0.4 million of interest expense in 2011, compared to \$3.9 million in 2010. In addition, interest expense declined due to a decrease in our effective weighted average interest rate on our U.S. credit and accounts receivable facility borrowings to approximately 4.6% in 2011, from 5.6% in 2010, respectively. Partially offsetting these reductions was an increase in our weighted-average U.S. credit and accounts receivable facility borrowings to approximately \$290.4 million in 2011, from approximately \$266.7 million in 2010.

We incurred debt extinguishment costs of approximately \$4.0 million in 2011 related to the refinance of our U.S. bank debt. No such costs were incurred in 2010.

Other expense, net increased approximately \$2.1 million to \$3.1 million in 2011, from \$1.1 million in 2010. During 2011, we incurred approximately \$1.0 million of expense attributable to a reduction of an indemnification asset related to uncertain tax positions and we incurred approximately \$0.6 million of expense related to non-operating fixed assets to be abandoned included in our Aerospace & Defense reportable segment. In addition, we recorded a gain on bargain purchase of \$0.4 million in 2010 associated with the asset acquisition in our industrial cylinder business. Foreign currency exchange losses remained essentially flat at approximately \$1.2 million in 2011 and 2010. There were no other significant changes in the composition of other expense, net.

The effective income tax rate for 2011 was 36.3% compared to 31.0% for 2010. In 2011, we reported domestic and foreign pre-tax income of approximately \$49.1 million and \$30.6 million, respectively. In 2011, we recorded a net tax benefit of approximately \$1.0 million primarily related to a change in an uncertain tax position reserve for which the statute of limitations expired, as well as certain tax credits that we now expect to realize. In addition, we incurred tax charges of approximately \$1.3 million during 2011 directly attributable to international restructuring events completed in 2011. In 2010, we recorded a \$1.3 million tax benefit related to decreases in valuation allowances on certain deferred tax assets including state and foreign tax operating loss carryforwards.

Income from continuing operations increased approximately \$11.9 million to \$50.8 million in 2011, from \$38.9 million in 2010, primarily as a result of higher sales levels year-over-year, which helped to generate \$22.0 million increased operating profit. The \$22.0 million increase in operating profit, plus the \$7.4 million reduction in interest expense, primarily due to less interest expense recorded on our interest rate swaps, less the \$4.0 million charge in 2011 for debt extinguishment costs incurred in connection with our U.S. bank debt refinancing, less the \$2.1 million increase in other expense, net, primarily due to the 2011 charges for the indemnification asset amortization and non-operating fixed asset abandonment, less the \$11.4 million increase in income taxes, primarily related to higher income levels in 2011 compared to 2010, all resulted in the increase in net income in 2011 compared to 2010.

See below for a discussion of operating results by reportable segment.

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Packaging. Net sales increased approximately \$14.1 million, or 8.2%, to \$185.2 million in 2011, as compared to \$171.2 million in 2010. Sales increased approximately \$15.2 million as a result of the acquisition of Innovative Molding in August 2011. In addition, net sales were favorably impacted by approximately \$3.6 million of currency exchange, as our reported results in U.S. dollars were positively impacted as a result of the weaker U.S. dollar relative to foreign currencies. Sales of our industrial closures, rings and levers increased approximately \$0.4 million year-over-year, as increases in the first half of 2011 of approximately \$6.4 million, primarily as a result of market share gains and the continued general economic recovery, were mostly offset by a decrease in sales of \$6.0 million during the second half of 2011, resulting from lower purchases by our North American and European chemical industry customers who slowed their production levels. Sales of our specialty systems decreased by approximately \$5.2 million, primarily due to approximately \$4.9 million of swine flu-related product sales during the pandemic in 2010 and a pipeline fill of new product introductions at two significant personal care customers in 2010, both of which did not recur in 2011.

Packaging's gross profit increased approximately \$4.3 million to \$74.4 million, or 40.1% of sales, in 2011, as compared to \$70.1 million, or 40.9% of sales, in 2010. Although the acquisition of Innovative Molding added approximately \$15.2 million of sales in 2011, it only contributed approximately \$2.1 million of gross profit, with the low margin primarily due to purchase accounting adjustments primarily related to step-up in value and subsequent amortization of inventory and intangible assets and to planned costs incurred and manufacturing inefficiencies related to the move to a new manufacturing facility. The inclusion of Innovative Molding's results of operations, including the purchase accounting and move costs, drove the 80 basis point drop in gross profit margin for this segment. After consideration of changes in gross profit related to the Innovative Molding acquisition, gross profit increased \$2.2 million, primarily driven by favorable currency exchange of \$1.7 million. This segment was able to slightly increase gross profit dollars in its legacy business despite a \$4.8 million reduction in legacy sales levels after consideration of currency exchange, equating to an approximate 150 basis point improvement in legacy business gross profit margin. This margin improvement was due to the continued savings and efficiencies generated by our continued capital investments, productivity projects and lean initiatives.

Packaging's selling, general and administrative expenses increased approximately \$5.8 million to \$26.3 million, or 14.2% of sales, in 2011, as compared to \$20.5 million, or 11.9% of sales, in 2010. The increase is attributable to the increase in sales-related and technical resources, travel costs and sales promotions, all of which support our sales growth initiatives, and due to the incremental operating, diligence and other transaction costs associated with acquisition activities.

Packaging's operating profit decreased approximately \$0.7 million to \$48.1 million, or 25.9% of sales, in 2011, as compared to \$48.7 million, or 28.5% of sales, in 2010, as the increases in gross profit generated via the capital, productivity and lean projects, the Innovative Molding acquisition and favorable currency exchange were more than offset by lower gross profit resulting from lower legacy business sales levels and higher selling, general and administrative expenses in support of our growth initiatives and costs incurred associated with acquisition activities. In addition, this segment recorded losses on dispositions of fixed assets of \$0.9 million in 2010 that did not recur in 2011. Operating profit margins declined primarily due to the low margin percentage related to the Innovative Molding acquisition resulting from the purchase accounting adjustments and costs and inefficiencies related to the move to a new manufacturing facility.

Energy. Net sales for 2011 increased approximately \$37.7 million, or 29.2%, to \$166.8 million, as compared to \$129.1 million in 2010. Of this increase, approximately \$18.0 million is due to the acquisition of South Texas Bolt & Fitting in the fourth quarter of 2010, and approximately \$7.0 million is due to an increase in our market share of bolts, as certain existing customers have awarded us additional business due to our enhanced specialty bolt manufacturing capabilities as a result of the South Texas Bolt acquisition. In addition, we generated approximately \$4.5 million incremental year-over-year sales from our new Midland, Michigan, Salt Lake City, Utah, Edmonton, Canada and Grimsby, United Kingdom branch facilities. Net sales were also favorably impacted by approximately \$0.8 million of currency exchange, as our reported results in U.S. dollars were positively impacted as a result of the weaker U.S. dollar relative to foreign currencies. The remainder of the increase is primarily due to increased levels of turn-around

activity at refineries and petrochemical plants and increased sales demand from the chemical industry, as customers have begun to perform maintenance work and new programs deferred from 2010 that require our replacement and specialty gaskets and bolts.

Gross profit within Energy increased approximately \$8.6 million to \$45.5 million, or 27.3% of sales, in 2011, as compared to \$36.9 million, or 28.6% of sales in 2010, primarily due to higher sales levels between years. Gross profit margins declined year-over-year mainly due to a sales mix shift. Our new branch sales, which have lower margins due to aggressively pricing products to penetrate new markets in addition to incurring launch costs, including employee training of manufacturing processes, encompass a larger percentage of the total sales in 2011 than in 2010. In addition, this segment experienced a less favorable product sales mix in 2011 than in 2010, as standard gaskets and bolts, which return lower margins than highly-engineered gaskets and bolts, comprised a larger percentage of net sales. Also, gross profit was negatively impacted by the sale of higher-cost inventory in 2011 compared to 2010, primarily due to increases in steel costs.

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Selling, general and administrative expenses within Energy increased approximately \$3.7 million to \$25.9 million, or 15.5% of net sales, in 2011, as compared to \$22.2 million, or 17.2% of net sales, in 2010, primarily in support of our branch facility growth initiatives. However, selling, general and administrative expenses decreased as a percentage of sales due to the continued fixed cost reductions implemented throughout 2010 and 2011 and operating leverage gained on the higher sales levels.

Overall, operating profit within Energy increased approximately \$5.0 million to \$19.7 million, or 11.8% of sales, in 2011, as compared to \$14.7 million, or 11.4% of sales, in 2010, due principally to the leverage gained by higher sales levels, which was partially offset by an unfavorable mix shift, with the increased new branch sales at lower margins as they penetrate new markets, higher cost inventory sales and higher selling, general and administrative expenses in support of our growth initiatives. Operating profit margin improved 40 basis points year-over-year primarily due to the significant increase in sales levels, the majority of which required no additional fixed costs to generate.

Aerospace & Defense. Net sales in 2011 increased approximately \$4.7 million, or 6.3%, to \$78.6 million, as compared to \$73.9 million in 2010. Sales in our aerospace business increased approximately \$13.7 million, primarily due to higher sales levels in our blind bolt and temporary fastener product lines to our distribution customers, who continue to rebuild their inventory levels from lower levels in 2010 in response to higher build rates by the airplane frame manufacturers. Sales in our defense business decreased approximately \$9.0 million, due to decreases in revenue of approximately \$6.7 million primarily associated with managing the relocation to and establishment of the new defense facility and \$2.3 million of revenues primarily related to the maintenance contracts on the former defense facility which ended in the first quarter of 2010.

Gross profit within Aerospace & Defense increased approximately \$2.2 million to \$29.8 million, or 37.9% of sales, in 2011, from \$27.6 million, or 37.3% of sales, in 2010, primarily due to the increase in sales levels year-over-year. Gross profit margin improved 60 basis points year-over-year, due to a combination of higher margins within our aerospace business, primarily due to productivity initiatives which focused on improving cost of quality via lean manufacturing initiatives, reducing indirect production costs and improving labor efficiencies, and reduced margins in our defense business, due to the shift of sales from a completed maintenance contract in 2010 to all sales in 2011 being generated by the lower margin relocation and establishment of the new defense facility program.

Selling, general and administrative expenses increased approximately \$1.6 million to \$11.1 million, or 14.1% of sales, in 2011, as compared to \$9.5 million, or 12.9% of sales, in 2010, primarily due to increased wage and benefit costs incurred in support of our growth initiatives and increased sales commissions, as a higher percentage of our sales in 2011 were subject to third party commission arrangements than in 2010.

Operating profit within Aerospace & Defense increased approximately \$0.6 million to \$18.6 million, or 23.7% of sales, in 2011, as compared to \$18.1 million, or 24.5% of sales, in 2010, as increases in profitability generated by our aerospace business due to productivity initiatives more than offset the reduction in profitability in the defense business and higher selling, general and administrative expenses.

Engineered Components. Net sales in 2011 increased approximately \$62.4 million, or 55.2%, to \$175.4 million, as compared to \$113.0 million in 2010. Sales in our industrial cylinder business increased by approximately \$38.0 million. Of this increase, approximately \$13.4 million was due to increased export sales, of which \$6.4 million was to new customers, approximately \$11.2 million was due to market share gains, primarily related to sales of large high pressure cylinders to existing customers and approximately \$8.2 million was due to our Taylor-Wharton asset acquisition during the second quarter of 2010. The remainder of the increase was due to the continued upturn in economic conditions and new product introductions. Sales of slow speed and compressor engines and related products increased by approximately \$24.4 million, as sales of engines and engine parts increased approximately \$14.0 million due to increased drilling activity as compared to 2010. Sales of gas compression products and processing and meter run equipment increased by approximately \$10.4 million, as we continue to introduce new products to add to our well-site content.

Gross profit within Engineered Components increased approximately \$16.3 million to \$38.9 million, or 22.2% of sales, in 2011, from \$22.6 million, or 20.0% of sales, in 2010. Gross profit increased approximately \$12.5 million as a result of the increase in sales levels between years. In addition, our gross profit margin increased by approximately

220 basis points in 2011 compared to 2010, with improvements in margin in both businesses, primarily related to productivity initiatives to reduce material costs and improved overhead absorption, as no significant additional fixed costs were required to generate the incremental sales levels.

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Selling, general and administrative expenses increased approximately \$2.1 million to \$11.5 million, or 6.5% of sales, in 2011, as compared to \$9.4 million, or 8.3% of sales, in 2010, primarily as a result of the full-year impact in 2011 of increased costs resulting from the addition of the Huntsville, AL former Taylor-Wharton facility in 2010 and incremental sales commissions and promotional spending in support of our sales growth projects. However, selling, general and administrative expenses decreased as a percentage of sales due to the continued fixed cost reductions implemented throughout 2010 and 2011 and operating leverage gained on the higher sales levels.

Operating profit within Engineered Components increased approximately \$15.0 million to \$27.6 million, or 15.8% of sales, in 2011, as compared to \$12.7 million, or 11.2% of sales, in 2010, primarily due to the higher sales levels between years, continued productivity initiatives realized and higher fixed cost absorption, all of which were partially offset by higher selling, general and administrative expenses in support of our sales growth initiatives.

Cequent Asia Pacific. Net sales increased approximately \$18.3 million, or 24.1%, to \$94.3 million in 2011, as compared to \$76.0 million in 2010. Net sales were favorably impacted by approximately \$10.0 million of currency exchange, as our reported results in U.S. dollars were positively impacted as a result of the weaker U.S. dollar relative to foreign currencies. Excluding the impact of currency exchange, sales increased approximately \$8.3 million. Of this increase, approximately \$4.9 million was due to new business awards in Thailand and \$1.0 million was due to the BTM acquisition in South Africa, completed during the fourth quarter of 2011. The economy in this region began to stabilize during late 2011 following the late 2010 / early 2011 flooding in Queensland, Australia and the tsunami in Japan, both of which negatively impacted sales levels in the fourth quarter of 2010 and throughout much of 2011, as consumer spending and vehicle availability increased, aiding in the year-over-year sales increase.

Cequent Asia Pacific's gross profit increased approximately \$4.3 million to \$24.8 million, or 26.2% of net sales in 2011, from approximately \$20.5 million, or 26.9% of net sales, in 2010. Gross profit was favorably impacted by approximately \$2.9 million of currency exchange. Excluding the impact of currency exchange, gross profit increased by \$1.4 million, primarily due to higher sales volumes, alternate lower-cost sourcing arrangements for certain materials and additional utilization of the lower-cost manufacturing facility in Thailand, all of which were partially offset by costs incurred directly related to the move to a new manufacturing facility in Australia which is expected to be completed by mid 2012.

Cequent Asia Pacific's selling, general and administrative expenses increased approximately \$2.4 million to \$10.8 million, or 11.5% of sales in 2011, as compared to \$8.4 million, or 11.1% of sales in 2010. Of this increase, approximately \$1.1 million was due to currency exchange. The remaining \$1.3 million increase in selling, general and administrative expenses was primarily related to the move to a new Australian manufacturing facility and in support of our growth initiatives, including diligence and other costs related to the fourth quarter 2011 acquisition of BTM. Cequent Asia Pacific's operating profit increased approximately \$1.9 million to \$13.9 million, or 14.7% of sales, in 2011, from \$12.1 million, or 15.9% of net sales in 2010. Operating profit was favorably impacted by approximately \$1.5 million of currency exchange. Excluding the impact of currency exchange, operating profit increased by \$0.4 million, primarily as a result of higher sales volumes and productivity and sourcing gains, which were partially offset by higher selling, general and administrative expenses in support of our sales growth initiatives and costs incurred related to the move to a new manufacturing facility.

Cequent Americas. Net sales increased approximately \$44.4 million, or 13.1%, to \$383.7 million in 2011, as compared to \$339.3 million in 2010, primarily due to year-over-year increases within our retail, original equipment, aftermarket and industrial channels, all of which were aided by the economic recovery that began in 2010 and continued through 2011. Sales in our retail channel increased approximately \$16.7 million in 2011 compared to 2010. Approximately 35% of the increase related to a one-time stocking order by one significant customer for a new product placement of cargo management products during the first quarter of 2011. Approximately 50% of the increase related to product sales to new customers and 15% of the increase related to market share gains at certain of our existing customers to whom we now provide additional products. Sales within our aftermarket channel increased approximately \$13.0 million in 2011 compared to 2010, primarily due to market share gains and new product introductions. Sales in our industrial channel increased approximately \$8.3 million in 2011 compared to 2010, primarily due to sales to new customers and higher levels of trailer builds, which use our towing, trailer and electrical

products. Sales to automotive original equipment manufacturers and suppliers increased approximately \$6.3 million in 2011 compared to 2010, primarily due to the full run rate of sales generated from our new product launches throughout 2010.

Cequent Americas' gross profit increased approximately \$11.0 million to \$104.4 million, or 27.2% of sales, in 2011, from approximately \$93.4 million, or 27.5% of sales, in 2010, primarily due to the increase in sales levels between years and savings generated from continued productivity projects, primarily via negotiated vendor cost reductions and new process automation. However, gross profit margins decreased by 30 basis points, as these increases in gross profit were partially offset by delays, primarily in the first quarter of 2011, of certain sales price increases to customers in response to the higher commodity costs, primarily steel and copper, in order to continue to generate market share gains, primarily in the aftermarket and industrial channels.

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Selling, general and administrative expenses increased approximately \$6.1 million to \$71.7 million, or 18.7% of sales, in 2011, as compared to \$65.5 million, or 19.3% of sales, in 2010, primarily as a result of new sales promotions, increased distribution costs in support of higher sales volumes and other costs deferred from 2010 into 2011 to support our sales growth initiatives. However, selling, general and administrative expenses as a percentage of sales decreased by 60 basis points year-over-year, primarily due to operating leverage gained on higher sales levels without significant additional fixed cost requirements.

Cequent Americas' operating profit increased by approximately \$4.9 million to \$32.7 million, or 8.5% of sales, in 2011, from \$27.8 million, or 8.2% of net sales, in 2010. The increase in operating profit is due primarily to the higher sales levels and continued productivity projects, which were partially offset by the delay of certain pricing actions to customers in response to higher commodity and freight costs to continue to generate market share gains, and increased selling, general and administrative expenses in support of the higher sales levels and our sales growth initiatives.

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

	Year ended December 31,	
	2011	2010
	(in millions)	
Corporate operating expenses	\$11.5	\$10.7
Employee costs and related benefits	17.8	13.9
Management fees and expenses	0.1	0.1
Corporate expenses	\$29.4	\$24.7

Corporate expenses included in operating profit increased approximately \$4.7 million to \$29.4 million in 2011, from \$24.7 million in 2010. The increase between years is primarily attributed to an increase in third party professional fees, primarily supporting our international growth efforts, and higher employee costs and related benefits, primarily incurred due to increasing our support staff to bring certain competencies, primarily in tax and legal-related functions, in-house to more efficiently support our businesses' growth initiatives rather than outsourcing.

Discontinued Operations. The results of discontinued operations consist of our precision tool cutting and specialty fitting lines of business, which were sold in December 2011, our medical device line of business, which was sold in May 2010 and our property management line of business, which was sold in April 2010. Income from discontinued operations, net of income tax benefit, was \$9.6 million and \$6.3 million in 2011 and 2010, respectively. See Note 6, "Discontinued Operations," to our consolidated financial statements included herein.

Liquidity and Capital Resources

Cash Flows

Cash provided by operating activities in 2012 was approximately \$73.2 million, as compared to \$95.8 million in 2011. Significant changes in cash flows provided by operating activities and the reasons for such changes are as follows:

In 2012, the Company generated \$128.1 million in cash flows, based on the reported net income of \$36.3 million and after considering the effects of non-cash items related to gains on dispositions of businesses and other assets, depreciation, amortization, stock compensation and related changes in excess tax benefits, changes in deferred income taxes, debt extinguishment costs and other, net. In 2011, the Company generated \$109.1 million based on the reported net income of \$60.4 million and after considering the effects of similar non-cash items.

Increases in accounts receivable resulted in a use of cash of approximately \$3.8 million and \$21.4 million in 2012 and 2011, respectively. The increase in accounts receivable is due primarily to the increase in year-over-year sales and the timing of sales and collection of cash within the period. In 2012, accounts receivable increased by a lesser percentage than sales, primarily as a result of our days sales outstanding of receivables decreasing to 46 days in 2012 compared to 48 days in 2011.

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We used approximately \$48.0 million and \$16.8 million of cash in 2012 and 2011, respectively, for investment in our inventories. Inventory levels increased primarily to support the increased sales volumes, including in our acquisitions, where we made additional investments post-transaction to add inventory to fill projected customer demand.

Throughout 2012, we made additional opportunistic investments in inventory levels in certain of our businesses in order to gain market share where other competitors are unable to fill customer orders timely. We also increased inventory levels in our Cequent Americas reportable segment given the planned closure of the Goshen, IN manufacturing facility and move of production to our lower cost facilities. As a result, our days sales of inventory on hand increased to approximately 98 days in 2012 compared to 89 days in 2011.

In 2012, accounts payable and accrued liabilities resulted in a net use of cash of approximately \$3.7 million, as compared to source of cash of \$25.9 million in 2011. The change in account payables and accrued liabilities is primarily a result of the timing of payments made to suppliers. Although inventory balances increased compared to the prior year, inventory purchases slowed in late 2012, resulting in a decrease in the days accounts payable on hand at year end, from approximately 74 days in 2011 to 66 days in 2012.

Prepaid expenses and other assets resulted in a net source of cash of approximately \$0.6 million in 2012, as compared to a use of cash of \$0.9 million for the year ended December 31, 2011. Although sales levels increased by 17.4% in 2012 compared to 2011, prepaid expense and other assets remained relatively flat.

Net cash used for investing activities in 2012 was approximately \$133.0 million, as compared to \$25.2 million in 2011. During 2012, we paid approximately \$89.9 million for business acquisitions, with the largest three acquisitions being Arminak & Associates in our Packaging reportable segment, CIFAL in our Energy reportable segment and Trail Com in our Cequent Asia Pacific reportable segment. We also incurred approximately \$46.1 million in capital expenditures in 2012, as we have increased our investment in growth, capacity and productivity-related capital projects due to the improved economic conditions and significant growth in sales levels. Cash received from the disposition of assets was approximately \$3.0 million in 2012, primarily due to the collection of the note receivable recorded as a part of the sale of our precision tool cutting and specialty fittings lines of business. During 2011, we paid approximately \$31.4 million for business acquisitions, primarily related to the stock acquisition of Innovative Molding within our Packaging reportable segment. We also invested approximately \$32.6 million in capital expenditures. Cash used for acquisitions and capital expenditures in 2011 was partially offset by the sale of our precision tool cutting and specialty fittings lines of business and other asset dispositions of approximately \$38.8 million.

Net cash used for financing activities in 2012 was approximately \$8.6 million, as compared to \$28.0 million in 2011. During 2012, we completed an equity offering for net proceeds of approximately \$79.0 million and completed the refinance of our domestic debt structure, repaying the remaining \$217.2 million term loan and redeeming the \$250.0 million outstanding of our Senior Notes with cash on hand and proceeds from our new \$400.0 million term loan facilities. We paid approximately \$42.2 million in fees to complete the refinance of our term loan and redeem our Senior Notes. We also borrowed a net of \$18 million under our accounts receivable facility during 2012. We received approximately \$5.2 million greater proceeds from the exercise of stock options during 2012 than in 2011. We borrowed approximately \$4.3 million, net in 2012 on our credit facility in Australia. We paid \$5 million and \$15 million, respectively, in 2012 and 2011 on our previous term loans per the excess cash flow provisions of our credit agreements. We also paid approximately \$1.3 million in distributions to noncontrolling interest during 2012. During 2011, we completed the refinance of our former U.S. bank debt, which was in effect until June 21, 2011, repaying the remaining \$233.0 million term loan and borrowing \$225.0 million on a new term loan facility. We also paid approximately \$6.9 million in fees to complete the refinance of our former U.S. bank debt, the subsequent increase to our former revolving credit facility and for the amendment of our former account receivable facility.

Our Debt and Other Commitments

During the fourth quarter of 2012, we entered into the ARCA, pursuant to which we were able to reduce interest rates, extend maturities and increase our available liquidity. Below is a summary of the key terms under the ARCA as of December 31, 2012:

Instrument	Amount (\$ in millions)	Maturity Date	Interest Rate
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Amended & Restated Credit Agreement

Senior secured revolving credit facility	\$ 250.0	10/11/2017	LIBOR plus 2.00%
Senior secured term loan A facility	\$ 200.0	10/11/2017	LIBOR plus 2.00%
Senior secured term loan B facility	\$ 200.0	10/11/2019	LIBOR plus 2.75% with a 1.00% LIBOR floor

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The ARCA provides incremental term loan and/or revolving credit facility commitments in an amount not to exceed the greater of \$300 million and an amount such that, after giving effect to the making of such commitments and the incurrence of any other indebtedness substantially simultaneously with the making of such commitments, the senior secured net leverage ratio, as defined, is no greater than 2.50 to 1.00, as defined. The terms and conditions of any incremental term loan and/or revolving credit facility commitments must be no more favorable than the existing credit facility.

Under the ARCA, if, on or prior to October 11, 2013, we prepay all or any portion of the term loan B facility using a new term loan facility with lower interest rate margins, then we will be required to pay a premium equal to 1% of the aggregate principal amount prepaid. In addition, beginning with the fiscal year ended December 31, 2013 (payable in 2014), we may be required to prepay a portion of our term loan A and term loan B facilities in an amount equal to a percentage of our excess cash flow, as defined, which such percentage will be based on our leverage ratio, as defined. During 2012, we paid \$5.0 million of our former term loan B facility under the excess cash flow provision of the previous credit agreement.

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 the ARCA's financial covenants. The ARCA contains various negative and affirmative covenants and other requirements affecting us and our subsidiaries that are comparable to the previous credit agreement, including restrictions on incurrence of debt, liens, mergers, investments, loans, advances, guarantee obligations, acquisitions, asset dispositions, sale-leaseback transactions, hedging agreements, dividends and other restricted payments, transactions with affiliates, restrictive agreements and amendments to charters, bylaws, and other material documents. The terms of the ARCA also 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) and an interest expense coverage ratio (consolidated EBITDA, as defined, over cash interest expense, as defined). Although the financial covenants calculations under the ARCA are essentially the same as the previous credit agreement, the permitted leverage ratio and permitted interest expense coverage ratio thresholds were both reset. The most restrictive of these financial covenants are the leverage ratio and interest expense coverage ratio. Our permitted leverage ratio under the ARCA is 3.50 to 1.00 as of December 31, 2012. If we were to complete an acquisition which qualifies for a Covenant Holiday Period, as defined in our ARCA, then our permitted leverage ratio cannot exceed 4.00 to 1.00 during that period. Our actual leverage ratio was 2.30 to 1.00 as of December 31, 2012. Our permitted interest expense coverage ratio under the ARCA is 3.00 to 1.00 and, our actual interest expense coverage ratio was 5.68 to 1.00 as of December 31, 2012. At December 31, 2012, we were in compliance with our financial and other covenants.

The following is a reconciliation of net income attributable to TriMas Corporation, as reported, which is a GAAP measure of our operating results, to Consolidated Bank EBITDA, as defined in our ARCA, for the year ended December 31, 2012. We present Consolidated Bank EBITDA to show our performance under our financial covenants.

	Year ended December 31, 2012 (dollars in thousands)
Net income attributable to TriMas Corporation	\$33,880
Bank stipulated adjustments:	
Net income attributable to partially-owned subsidiaries	2,410
Interest expense, net (as defined)	35,800
Income tax expense	5,970
Depreciation and amortization	44,870
Non-cash expenses compensation expense ⁽¹⁾	9,280
Other non-cash expenses or losses	3,680
Non-recurring fees and expenses in connection with acquisition integration ⁽²⁾	350
Debt extinguishment costs ⁽³⁾	46,810

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Non-recurring expenses or costs for cost saving projects	10,230	
Permitted acquisitions ⁽⁴⁾	2,150	
EBITDA of partially-owned subsidiaries attributable to noncontrolling interest ⁽⁵⁾	(3,720)
Consolidated Bank EBITDA, as defined	\$191,710	

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	December 31, 2012 (dollars in thousands)	
Total Consolidated Indebtedness, as defined ⁽⁶⁾	\$440,450	
Consolidated Bank EBITDA, as defined	\$191,710	
Actual leverage ratio	2.30	x
Covenant requirement	3.50	x
	December 31, 2012 (dollars in thousands)	
Interest expense, as reported	\$35,800	
Interest income	(440))
Non-cash amounts attributable to amortization of financing costs	(2,650))
Pro forma adjustment for acquisitions and dispositions	1,030	
Total consolidated cash interest expense, as defined	\$33,740	
	December 31, 2012 (dollars in thousands)	
Consolidated Bank EBITDA, as defined	\$191,710	
Total consolidated cash interest expense, as defined	\$33,740	
Actual interest expense ratio	5.68	x
Covenant requirement	3.00	x

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- (1) Non-cash compensation expenses relating to short-term and long-term incentive plans. See Note 17, "Equity Awards", included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within the Form 10-K.
- (2) Non-recurring costs and expenses arising from the integration of any business acquired not to exceed \$25.0 million in the aggregate.
- (3) Costs incurred associated with refinancing out debt facilities.
- (4) EBITDA from permitted acquisitions, as defined.
- (5) Adjustment to EBITDA related to the percent ownership of non-wholly owned subsidiary, as defined.
- (6) Includes \$18.0 million of acquisition deferred purchase price.

In addition to our U.S. bank debt, our Australian subsidiary is party to a debt agreement which matures on May 31, 2013 and is secured by substantially all the assets of the subsidiary. At December 31, 2012, approximately \$4.8 million was outstanding under this debt agreement. There were no amounts outstanding in 2011. Borrowings under this arrangement are also subject to financial and reporting covenants. Financial covenants include a capital adequacy ratio (tangible net worth over total tangible assets) and an interest coverage ratio (EBIT over gross interest cost), and we were in compliance with such covenants at December 31, 2012.

Another important source of liquidity is our accounts receivable facility, under which we have the ability to sell eligible accounts receivable to a third-party multi-seller receivables funding company. We amended the facility during the fourth quarter of 2012, increasing the committed funding from \$90.0 million to \$105.0 million, and reducing the margin on amounts outstanding from a range of 1.50% or 1.75% to 1.20% or 1.35%, respectively, depending on the amount drawn under the facility. The amendment also reduced the cost of the unused portion of the facility from 0.45% to 0.40% and extended the maturity date from September 15, 2015 to October 12, 2017. We had \$18.0 million outstanding under the facility as of December 31, 2012 and \$51.9 million available but not utilized as of December 31, 2012. No amounts were outstanding under the facility as of December 31, 2011; however, \$57.6 million was available but not utilized.

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We had no amounts outstanding under our revolving credit facilities at December 31, 2012 and December 31, 2011, but had \$226.7 million and \$101.1 million, respectively, potentially available after giving effect to approximately \$23.3 million and \$23.9 million, respectively, of letters of credit issued and outstanding. The letters of credit are used for a variety of purposes, including support of 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. Including availability under our accounts receivable facility and after consideration of leverage restrictions contained in the ARCA, as of December 31, 2012 and December 31, 2011, we had \$230.5 million and \$158.8 million, respectively, of borrowing capacity available for general corporate purposes. As of December 31, 2012, our available revolving credit capacity under the ARCA, after consideration of approximately \$23.3 million in letters of credit outstanding related thereto, is approximately \$226.7 million, while our available liquidity under our accounts receivable facility ranges from \$60 million to \$105 million, depending on the level of receivables outstanding at a given point in time during the year. We rely upon our cash flow from operations and available liquidity under our revolving credit and accounts receivable facilities to fund our debt service obligations and other contractual commitments, working capital and capital expenditure requirements. At the end of each quarter, we use cash on hand from our domestic and foreign subsidiaries to pay down amounts outstanding under our revolving credit and accounts receivable facilities. Our weighted average daily amounts outstanding under the revolving credit facilities and accounts receivable facilities approximated \$62.2 million and \$58.0 million during 2012 and 2011, respectively. Generally, excluding the impact and timing of acquisitions, we use available liquidity under these facilities to fund capital expenditures and daily working capital requirements during the first half of the year, as we experience some seasonality in our two Cequent reportable segments, primarily within Cequent Americas. Sales of towing and trailering products within this segment are generally stronger in the second and third quarters, as OEM, distributors and retailers acquire product for the spring and summer selling seasons. None of our other reportable segments experiences any significant seasonal fluctuations in their respective businesses. During the second half of the year, the investment in working capital is reduced and amounts outstanding under our revolving credit and receivable facilities are paid down. While this is the general trend in cash flow due to seasonality, our daily average amounts outstanding increased during the second half of 2012 compared to the first half of 2012. During the first half of 2012, with cash proceeds from the sale of our precision tool cutting and specialty fittings lines of business at the end of 2011 and our May 2012 equity offering, overall borrowings were lower despite the completion of significant acquisitions and additional capital expenditures in support of our growth initiatives. During the second half of 2012, overall borrowings were higher, as we completed additional acquisitions and had higher inventory purchases to both support opportunistic investments in certain of our businesses in order to gain market share and to allow for a seamless transition of our manufacturing processes to lower cost country facilities.

Cash management related to our revolving credit and accounts receivable facilities is centralized. We monitor our cash position and available liquidity on a daily basis and forecast our cash needs on a weekly basis within the current quarter and on a monthly basis outside the current quarter over the remainder of the year. Our business and related cash forecasts are updated monthly. Given aggregate available funding under our revolving credit and accounts receivable facilities of \$230.5 million at December 31, 2012, after consideration of the aforementioned leverage restrictions, and based on forecasted cash sources and requirements inherent in our business plans, 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.

Our exposure to interest rate risk results primarily from the variable rates under our ARCA. Borrowings under the ARCA bear interest, at various rates, as more fully described in Note 12, "Long-term Debt," included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K. In December 2012, we entered into interest rate swap agreements to fix the LIBOR-based variable portion of the interest rates on our term loan facilities. The term loan A swap agreement fixes the LIBOR-based variable portion of the interest rate, beginning February 2013, on a total of \$175.0 million notional amount at 0.74% and expires on October 11, 2017. The term loan B swap agreement fixes the LIBOR-based variable portion of the interest rate, beginning February 2015, on a total of \$150.0 million notional amount at 2.05% and expires on October 11, 2019. In March 2012, we entered into an interest

rate swap agreement to fix the LIBOR-based variable portion of the interest rate on a total of \$100.0 million notional amount of our former term loan B facility. The swap agreement fixed the LIBOR-based variable portion of the interest rate at 1.80% through June 23, 2016. We terminated this interest rate swap and repaid the obligation upon completion of the ARCA.

We are subject to variable interest rates on our term loans and revolving credit facility. At December 31, 2012, 1-Month LIBOR and 3-Month LIBOR approximated 0.21% and 0.31%, respectively. Based on our variable rate-based borrowings outstanding at December 31, 2012, and after consideration of the 1.00% LIBOR-floor, a 1% increase in the per annum interest rate would increase our interest expense by approximately \$2.4 million annually.

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Principal payments required under the ARCA for the term loan A facility are \$2.5 million due each calendar quarter beginning June 2013 through March 2015 and approximately \$3.8 million from June 2015 through September 2017, with final payment of \$142.5 million due on October 11, 2017. Principal payments required under the ARCA for the term loan B facility are equal to \$0.5 million due each calendar quarter through September 30, 2019 and \$186.0 million due on October 11, 2019.

In 2009, we issued \$250.0 million aggregate principal Senior Notes. Interest on the Senior Notes accrued at the rate of 9.75% per annum and was payable semi-annually in arrears on June 15 and December 15. Prior to December 15, 2012, we were able to redeem, on one or more occasions, up to 35% of the principal amount of Senior Notes at a redemption price equal to 109.750% of the principal amount, plus accrued and unpaid interest to the applicable redemption date plus additional interest, if any, with the net cash proceeds of one or more equity offerings, provided that at least 65% of the original principal amount of Senior Notes issued remains outstanding after such redemption, and provided further that each such redemption occurs within 90 days of the date of closing of each such equity offering. In June 2012, we completed a partial redemption of our Senior Notes, using cash proceeds from our May 2012 equity offering, paying approximately \$54.9 million to redeem \$50.0 million in aggregate principal at a redemption price equal to 109.750% of the principal amount.

Under the Senior Notes indenture, we were also able to redeem all or a part of the Senior Notes, at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus the applicable "make whole premium," accrued and unpaid interest and additional interest, if any, to the date of such redemption. During the fourth quarter of 2012, the proceeds from the borrowings obtained under the ARCA were utilized to redeem all of the remaining outstanding Senior Notes (\$200.0 million), and to pay tender costs, fees and expenses related thereto. As a result, at December 31, 2012, there were no Senior Notes outstanding.

In addition to our long-term debt, we have other cash commitments related to leases. We account for these lease transactions primarily as operating leases, expense for continuing operations related thereto approximated \$22.8 million in 2012. We expect to continue to utilize leasing as a financing strategy in the future to meet capital expenditure needs and to reduce debt levels.

In addition to rent expense from continuing operations, we also have approximately \$2.4 million in annual future lease obligations related to businesses that have been discontinued, of which approximately 62% relate to the facility for the former specialty laminates, jacketings and insulation tapes line of business (which extends through 2024) and 38% relates to the Wood Dale facility in the former industrial fastening business (which extends through 2022).

Market Risk

We conduct business in various locations throughout the world and are subject to market risk due to changes in the value of foreign currencies. We began to use derivative financial instruments to manage these risks during 2012, albeit in immaterial notional contracts as we explore this risk mitigation strategy. 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.

Common Stock

TriMas is listed in the NASDAQ Global Select MarketSM. Our stock trades under the symbol "TRS."

Commitments and Contingencies

Under various agreements, we are obligated to make future cash payments in fixed amounts. These include payments under our long-term debt agreements, rent payments required under operating and capital lease agreements, certain benefit obligations and interest obligations on our term loans. Interest on the term loan A is based on LIBOR plus 200 basis points, which equaled 2.31% at December 31, 2012. Interest on the term loan B is based on LIBOR plus 275 basis points per annum with a 1.00% LIBOR floor, which equaled 3.75% at December 31, 2012; these rates were used to estimate our future interest obligations with respect to the term loans included in the table below.

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The following table summarizes our expected fixed cash obligations over various future periods related to these items as of December 31, 2012.

	Payments Due by Periods				
	Total	Less than One Year	1 - 3 Years	3 - 5 Years	More than 5 Years
	(dollars in thousands)				
Contractual cash obligations:					
Long-term debt and receivables facilities	\$422,440	\$14,370	\$27,800	\$190,770	\$189,500
Lease obligations	154,610	23,290	42,410	34,080	54,830
Benefit obligations	18,870	3,080	4,510	4,060	7,220
Interest obligations	73,780	12,240	23,530	22,280	15,730
Total contractual obligations	\$669,700	\$52,980	\$98,250	\$251,190	\$267,280

As of December 31, 2012, we had a \$250.0 million revolving credit facility and a \$105.0 million accounts receivable facility. We had no amounts outstanding under our revolving credit facility, and \$18.0 million outstanding under the accounts receivable facility as of December 31, 2012. We do borrow against these facilities in various amounts to fund our working capital needs throughout the year, incurring additional interest obligations on such variable outstanding debt.

Under the ARCA, if, prior to October 11, 2013, the Company prepays its term loan B facility using a new term loan with lower interest rate margins, then the Company will be required to pay a 1% premium of the aggregate principal amount prepaid. In addition, beginning with the fiscal year ended December 31, 2013, the Company may be required to prepay a portion of its term loan A and term loan B facilities pursuant to an excess cash flow sweep provision, as defined, with the amount of such prepayment based on the Company's leverage ratio, as defined. In April 2012, the Company prepaid \$5.0 million of the term loan principal under the excess cash flow sweep provision of the previous credit agreement.

As of December 31, 2012, we are contingently liable for standby letters of credit totaling \$23.3 million issued on our behalf by financial institutions under the ARCA. These 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.

The liability related to unrecognized tax benefits has been excluded from the contractual obligations table because a reasonable estimate of the timing and amount of cash flows from future tax settlements cannot be determined. For additional information, refer to Note 19, "Income Taxes," included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K.

Credit Rating

We and certain of our outstanding debt obligations are rated by Standard & Poor's and Moody's. On September 19, 2012, Moody's upgraded our outlook to positive and assigned a rating of Ba3 to our ARCA. Previously, Moody's had assigned our outlook as stable and our previous corporate credit, credit facilities and senior secured notes ratings as Ba3, Ba1 and B1, respectively. On September 19, 2012, Standard & Poor's assigned a BB rating to our Amended and Restated Credit Agreement and held our outlook as stable. On May 4, 2012, Standard & Poor's assigned our previous corporate credit, credit facilities and senior secured notes ratings as BB-, BB+ and B, respectively, and assigned our outlook as stable. 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.

Outlook

We continued to build on the positive momentum generated in the past three years during 2012, as we experienced significant market share gains across many of our businesses, benefited from continued economic recovery, primarily in the U.S., added bolt-on acquisitions that increased our product offerings and global presence, and continued to

develop and introduce new products to our markets. Given our successful sales growth initiatives, we strategically increased our investments in inventory levels and capital spending in certain of our businesses to capture additional market share, expand upon our existing growth and productivity initiatives and to increase capacity for future programs. We also successfully completed strategic acquisitions in our key platforms, adding both synergies as well as product and geographic expansion. We successfully completed an equity offering during 2012, and also refinanced both our U.S. bank debt and U.S. receivables facility, increasing capacity, extending maturity dates and lowering interest rates, while using the proceeds therefrom to redeem our higher-interest rate Senior Notes.

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While our business continues to grow in size and geography, our priorities remain the same and are consistent with our strategic aspirations: continuing to identify and execute on cost savings and productivity initiatives that fund core growth, reduce cycle times and secure our position as best cost producer, growing revenue via new products and expanding our product and presence in non-U.S. markets, growing earnings faster than revenue, continuing to reduce our debt leverage while increasing our available liquidity and striving to be a great place for our employees to work.

Impact of New Accounting Standards

See Note 2, "New Accounting Pronouncements," included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K.

Critical Accounting Policies

The following discussion of accounting policies is intended to supplement the accounting policies presented in Note 3, "Summary of Significant Accounting Policies" included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this 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.

Receivables. Receivables are presented net of allowances for doubtful accounts of approximately \$3.7 million and \$3.8 million at December 31, 2012 and 2011, respectively. We monitor our exposure for credit losses and maintain adequate allowances for doubtful accounts. We determine these allowances based on our 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, but remain included in our consolidated balance sheet.

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: land and land improvements/buildings, 10 to 40 years, and machinery and equipment, three 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 five to 25 years, while technology and other intangibles are amortized over periods ranging from one to 30 years.

Impairment of Long-Lived Assets and Definite-Lived Intangible Assets. We review, on at least a quarterly basis, the financial performance of each business unit for indicators of impairment. In reviewing for impairment indicators, we also consider events or changes in circumstances such as business prospects, customer retention, market trends, potential product obsolescence, competitive activities and other economic factors. 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.

Goodwill and Indefinite-Lived Intangibles. The Company assesses goodwill and indefinite-lived intangible assets for impairment on an annual basis by reviewing relevant qualitative and quantitative factors. More frequent evaluations may be required if we experience changes in our business climate or as a result of other triggering events that take place. If carrying value exceeds fair value, a possible impairment exists and further evaluation is performed. We determine our reporting units at the individual operating segment level, or one level below, when there is discrete financial information available that is regularly reviewed by segment management for evaluating operating results. For purposes of our 2012 goodwill impairment test, we had eleven reporting units within our six reportable segments, six of which had goodwill.

We performed a one-step ("Step Zero") qualitative assessment for our 2012 and 2011 annual goodwill impairment tests. In conducting the qualitative assessment, items to consider may include macroeconomic conditions, industry and market considerations, overall financial performance, entity and reporting unit specific events and capital markets pricing. We consider the extent to which each of the adverse events and circumstances identified affect the comparison of a reporting unit's fair value with its carrying amount. We place more weight on the events and

circumstances that most affect a reporting unit's fair value or the carrying amount of its net assets. We also consider positive and mitigating events and circumstances that may affect our determination of whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We also consider any recent fair value calculations of our reporting units, including the difference between the most recent fair value estimate and the carrying amount. These factors are all considered in reaching a conclusion about whether to perform the first step of the quantitative goodwill impairment test. If we conclude that further testing is required, we would perform a quantitative valuation to estimate the fair value of our reporting units.

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In 2012, we early adopted FASB revised standard ASU 2012-2, "Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment" ("ASU 2012-2"), which gives the option to perform a qualitative assessment rather than perform fair value calculations on each of our indefinite-lived intangible assets. In conducting the qualitative assessment, we consider relevant events and circumstances to determine whether it is more likely than not that the fair values of the indefinite-lived intangible assets are less than the carrying values. In addition to the events and circumstances that we consider above in our Step Zero analysis for potential goodwill impairment, we also consider legal, regulatory and contractual factors that could affect the fair value or carrying amount of our indefinite-lived intangible assets. We also consider recent valuations of our indefinite-lived intangible assets, including the difference between the most recent fair value estimates and the carrying amounts. These factors are all considered in reaching a conclusion about whether it is more likely than not that the fair values of the indefinite-lived intangible assets are less than the carrying values. If we conclude that further testing is required, we would perform a quantitative valuation to estimate the fair value of our indefinite-lived intangible assets.

Pension and Postretirement Benefits Other than Pensions. Annual net periodic expense and accrued benefit obligations recorded with respect to our defined benefit plans are determined on an actuarial basis. We determine assumptions used in the actuarial calculations which impact reported plan obligations and expense, considering trends and changes in the current economic environment in determining the most appropriate assumptions to utilize as of our measurement date. Annually, we 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 based upon actual 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 plan 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. We compute income taxes using the asset and liability method, whereby deferred income taxes using current enacted tax rates are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities and for operating loss and tax credit carryforwards. We determine valuation allowances based on an assessment of positive and negative evidence on a jurisdiction-by-jurisdiction basis and record a valuation allowance to reduce deferred tax assets to the amount more likely than not to be realized. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We record interest and penalties related to unrecognized tax benefits in income tax expense.

Derivative Financial Instruments. Derivative financial instruments are recorded at fair value on the balance sheet as either assets or liabilities. The effective portion of changes in the fair value of derivatives which qualify for hedge accounting is recorded in other comprehensive income and is recognized in the statement of income when the hedged item affects earnings. The ineffective portion of the change in fair value of a hedge is recognized in income immediately. We have historically entered into interest rate swaps to hedge cash flows associated with variable rate debt.

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 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.

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Item 7A. 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, commodity prices, insurable risks due to property damage, employee and liability claims, and other uncertainties in the financial and credit markets, which may impact demand for our products. We are also subject to interest risk as it relates to long-term debt, for which we have historically and may prospectively employ derivative instruments such as interest rate swaps to mitigate the risk of variable interest rates. See Item 7. "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 12, "Long-term Debt," included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K.

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Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

TriMas Corporation:

We have audited the accompanying consolidated balance sheets of TriMas Corporation and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for each of the years in the three year period ended December 31, 2012. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II in the 2012 Annual Report on Form 10-K. These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TriMas Corporation and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), TriMas Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. This report contains an explanatory paragraph stating that TriMas Corporation acquired Arminak & Associates, LLC ("Arminak") during 2012 and management excluded from its assessment of the effectiveness of TriMas Corporation's internal control over financial reporting as of December 31, 2012, Arminak's internal control over financial reporting associated with total assets of \$102.2 million, which represented 9.0% of TriMas Corporation's consolidated total assets at December 31, 2012, and net sales of \$65.9 million, which represented 5.2% of TriMas Corporation's consolidated total net sales for 2012. Our audit of internal control over financial reporting of TriMas Corporation also excluded an evaluation of the internal control over financial reporting of Arminak.

/s/ KPMG LLP
Detroit, Michigan
February 26, 2013

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TriMas Corporation
 Consolidated Balance Sheet
 (Dollars in thousands)

	December 31, 2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$20,580	\$88,920
Receivables, net	150,390	135,610
Inventories	238,020	178,030
Deferred income taxes	18,270	18,510
Prepaid expenses and other current assets	10,530	12,600
Total current assets	437,790	433,670
Property and equipment, net	185,030	159,210
Goodwill	270,940	215,360
Other intangibles, net	206,160	155,670
Other assets	31,040	27,990
Total assets	\$1,130,960	\$991,900
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities, long-term debt	\$14,370	\$7,290
Accounts payable	158,410	146,930
Accrued liabilities	74,420	72,120
Total current liabilities	247,200	226,340
Long-term debt	408,070	462,610
Deferred income taxes	60,370	64,780
Other long-term liabilities	84,960	64,380
Total liabilities	800,600	818,110
Redeemable noncontrolling interests	26,780	—
Preferred stock \$0.01 par: Authorized 100,000,000 shares; Issued and outstanding: None	—	—
Common stock, \$0.01 par: Authorized 400,000,000 shares; Issued and outstanding: 39,375,790 at December 31, 2012 and 34,613,607 shares at December 31, 2011	390	350
Paid-in capital	634,800	538,610
Accumulated deficit	(370,870	) (404,750
Accumulated other comprehensive income	39,260	39,580
Total shareholders' equity	303,580	173,790
Total liabilities and shareholders' equity	\$1,130,960	\$991,900

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

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TriMas Corporation

Consolidated Statement of Income

(Dollars in thousands, except per share amounts)

	Year ended December 31,		
	2012	2011	2010
Net sales	\$1,272,910	\$1,083,960	\$902,460
Cost of sales	(929,150)	) (766,260	) (631,410)
Gross profit	343,760	317,700	271,050
Selling, general and administrative expenses	(216,170)	) (186,520	) (160,190)
Net gain (loss) on dispositions of property and equipment	280	140	(1,520)
Operating profit	127,870	131,320	109,340
Other expense, net:			
Interest expense	(35,800)	) (44,480	) (51,830)
Debt extinguishment costs	(46,810)	) (3,970) —
Other expense, net	(3,000)	) (3,130	) (1,080)
Other expense, net	(85,610)	) (51,580	) (52,910)
Income from continuing operations before income tax expense	42,260	79,740	56,430
Income tax expense	(5,970)	) (28,930	) (17,500)
Income from continuing operations	36,290	50,810	38,930
Income from discontinued operations, net of income taxes	—	9,550	6,340
Net income	36,290	60,360	45,270
Less: Net income attributable to noncontrolling interests	2,410	—	—
Net income attributable to TriMas Corporation	\$33,880	\$60,360	\$45,270
Basic earnings per share attributable to TriMas Corporation:			
Continuing operations	\$0.90	\$1.48	\$1.15
Discontinued operations	—	0.28	0.19
Net income per share	\$0.90	\$1.76	\$1.34
Weighted average common shares - basic	37,520,935	34,246,289	33,761,430
Diluted earnings per share attributable to TriMas Corporation:			
Continuing operations	\$0.89	\$1.46	\$1.13
Discontinued operations	—	0.27	0.18
Net income per share	\$0.89	\$1.73	\$1.31
Weighted average common shares - diluted	37,949,021	34,779,693	34,435,245

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

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TriMas Corporation
 Consolidated Statement of Comprehensive Income
 (Dollars in thousands)

	Year ended December 31,		
	2012	2011	2010
Net income	\$ 36,290	\$ 60,360	\$ 45,270
Other comprehensive income:			
Defined pension and postretirement pension plans (net of tax of \$1.1 million, \$1.7 million and \$0.5 million in 2012, 2011 and 2010, respectively) (Note 16)	(2,570	) (3,120	) (720
Foreign currency translation	3,930	(3,590	) 1,690
Net changes in unrealized loss on derivative instruments (net of tax of \$1.0 million, \$0.1 million and \$0.9 million in 2012, 2011 and 2010, respectively) (Note 13)	(1,680	) 230	1,430
Total other comprehensive income (loss)	(320	) (6,480	) 2,400
Total comprehensive income	35,970	53,880	47,670
Less: Net income attributable to noncontrolling interests	2,410	—	—
Total comprehensive income attributable to TriMas Corporation	\$ 33,560	\$ 53,880	\$ 47,670

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

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TriMas Corporation

Consolidated Statement of Cash Flows

(Dollars in thousands)

	Year ended December 31,		
	2012	2011	2010
Cash Flows from Operating Activities:			
Net income	\$36,290	\$60,360	\$45,270
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition impact:			
Gain on dispositions of businesses and other assets	(280	) (10,380	) (8,510
Depreciation	25,050	25,940	23,640
Amortization of intangible assets	19,820	14,530	14,100
Amortization of debt issue costs	2,490	2,910	2,960
Deferred income taxes	(8,330	) 12,680	12,500
Non-cash compensation expense	9,280	3,510	2,180
Excess tax benefits from stock based compensation	(2,730	) (3,980	) (600
Debt extinguishment costs	46,810	3,970	—
Increase in receivables	(3,800	) (21,420	) (17,190
Increase in inventories	(48,010	) (16,840	) (12,820
(Increase) decrease in prepaid expenses and other assets	620	(890	) (600
Increase (decrease) in accounts payable and accrued liabilities	(3,700	) 25,870	31,740
Other, net	(290	) (450	) 2,290
Net cash provided by operating activities, net of acquisition impact	73,220	95,810	94,960
Cash Flows from Investing Activities:			
Capital expenditures	(46,120	) (32,620	) (21,900
Acquisition of businesses, net of cash acquired	(89,880	) (31,390	) (30,760
Net proceeds from disposition of businesses and other assets	3,000	38,780	14,810
Net cash used for investing activities	(133,000	) (25,230	) (37,850
Cash Flows from Financing Activities:			
Proceeds from sale of common stock in connection with the Company's equity offering, net of issuance costs	79,040	—	—
Proceeds from borrowings on term loan facilities	584,670	269,150	—
Repayments of borrowings on term loan facilities	(404,770	) (294,370	) (14,660
Proceeds from borrowings on revolving credit and accounts receivable facilities	724,500	659,300	476,310
Repayments of borrowings on revolving credit and accounts receivable facilities	(706,500	) (659,300	) (482,360
Retirement of 9 ³ / ₄ % senior secured notes	(250,000) —	—
Senior secured notes redemption premium and debt financing fees	(42,150	) (6,890) —
Distributions to noncontrolling interests	(1,260) —	—
Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations	(990	) (900	) (240
Proceeds from exercise of stock options	6,170	1,000	130
Excess tax benefits from stock based compensation	2,730	3,980	600
Net cash used for financing activities	(8,560	) (28,030	) (20,220
Cash and Cash Equivalents:			
Increase (decrease) for the year	(68,340) 42,550	36,890

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At beginning of year	88,920	46,370	9,480
At end of year	\$20,580	\$88,920	\$46,370
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$31,300	\$40,550	\$45,090
Cash paid for income taxes	\$25,820	\$15,710	\$8,920

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

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TriMas Corporation
 Consolidated Statement of Shareholders' Equity
 Years Ended December 31, 2012, 2011 and 2010
 (Dollars in thousands)

	Common Stock	Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balances at December 31, 2009	\$330	\$528,370	\$(510,380)	\$43,660	\$61,980
Net income attributable to TriMas Corporation	—	—	45,270	—	45,270
Other comprehensive income	—	—	—	2,400	2,400
Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations	—	(240)	—	—	(240)
Stock option exercises and restricted stock vestings	10	120	—	—	130
Excess tax benefits from stock based compensation	—	600	—	—	600
Non-cash compensation expense	—	2,180	—	—	2,180
Balances at December 31, 2010	\$340	\$531,030	\$(465,110)	\$46,060	\$112,320
Net income attributable to TriMas Corporation	—	—	60,360	—	60,360
Other comprehensive loss	—	—	—	(6,480)	(6,480)
Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations	—	(900)	—	—	(900)
Stock option exercises and restricted stock vestings	10	990	—	—	1,000
Excess tax benefits from stock based compensation	—	3,980	—	—	3,980
Non-cash compensation expense	—	3,510	—	—	3,510
Balances at December 31, 2011	\$350	\$538,610	\$(404,750)	\$39,580	\$173,790
Net income attributable to TriMas Corporation	—	—	33,880	—	33,880
Other comprehensive loss	—	—	—	(320)	(320)
Net proceeds from equity offering of common stock (Note 4)	40	79,000	—	—	79,040
Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations	—	(990)	—	—	(990)
Stock option exercises and restricted stock vestings	—	6,170	—	—	6,170
Excess tax benefits from stock based compensation	—	2,730	—	—	2,730
Non-cash compensation expense	—	9,280	—	—	9,280
Balances at December 31, 2012	\$390	\$634,800	\$(370,870)	\$39,260	\$303,580

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

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TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

TriMas Corporation ("TriMas" or the "Company"), and its consolidated subsidiaries, is a global manufacturer and distributor of products for commercial, industrial and consumer markets. The Company is principally engaged in the following reportable segments with diverse products and market channels: Packaging, Energy, Aerospace & Defense, Engineered Components, Cequent Asia Pacific and Cequent Americas. The Company renamed its former "Cequent North America" reportable segment "Cequent Americas" effective in the third quarter of 2012 following an acquisition in Brazil to more appropriately reflect the expanding geography covered by the businesses in this reportable segment. See Note 18, "Segment Information," for further information on each of the Company's reportable segments.

2. New Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board issued Accounting Standards Update 2012-2, "Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment" ("ASU 2012-2"). ASU 2012-2 gives companies the option to perform a qualitative assessment to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of an indefinite-lived intangible asset is less than its carrying amount. The objective of the revised standard is to simplify how an entity tests indefinite-lived intangible assets for impairment and to reduce the cost and complexity of the annual impairment test. ASU 2012-2 will be effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company early adopted ASU 2012-2 for its annual indefinite-lived intangible asset impairment test conducted as of October 1, 2012. See Note 3, "Summary of Significant Accounting Policies," and Note 8, "Goodwill and Other Intangible Assets."

3. Summary of Significant Accounting Policies

Principles of Consolidation. The accompanying consolidated financial statements include the accounts and transactions of TriMas and its subsidiaries. Significant intercompany transactions have been eliminated.

The Company records the initial carrying amount of redeemable noncontrolling interests at fair value. Each reporting period, the Company adjusts the carrying amount to the greater of (1) the initial carrying amount, increased or decreased for the redeemable noncontrolling interests' share of net income or loss, their share of comprehensive income or loss and dividends and (2) the redemption value as determined by a specified multiple of earnings, as defined. This method views the end of the reporting period as if it were also the redemption date for the redeemable noncontrolling interests. The Company conducts a quarterly review to determine if the fair value of the redeemable noncontrolling interests is less than the redemption value. If the fair value of the redeemable noncontrolling interests is less than the redemption value, there may be a charge to earnings per share attributable to TriMas Corporation.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, goodwill and other intangibles, valuation allowances for receivables, inventories and deferred income tax assets, valuation of derivatives, estimated future unrecoverable lease costs, estimated unrecognized tax benefits, reserves for asbestos, legal and product liability matters, assets and obligations related to employee benefits and valuation of redeemable noncontrolling interests. Actual results may differ from such estimates and assumptions.

Cash and Cash Equivalents. The Company considers cash on hand and on deposit and investments in all highly liquid debt instruments with initial maturities of three months or less to be cash and cash equivalents.

Receivables. Receivables are presented net of allowances for doubtful accounts of approximately \$3.7 million and \$3.8 million at December 31, 2012 and 2011, respectively. The Company monitors its exposure for credit losses and

maintains allowances for doubtful accounts based upon the Company's best estimate of probable losses inherent in the accounts receivable balances. The Company does not believe that significant credit risk exists due to its diverse customer base.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Sales of Receivables. The Company may, from time to time, sell certain of its receivables to third parties. Sales of receivables are recognized at the point in which the receivables sold are transferred beyond the reach of the Company and its creditors, the purchaser has the right to pledge or exchange the receivables and the Company has surrendered control over the transferred receivables.

Inventories. Inventories are stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out method. Direct materials, direct labor and allocations of variable and fixed manufacturing-related overhead are included in inventory cost.

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

Depreciation and Amortization. Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: land and land improvements/buildings, 10 to 40 years, and machinery and equipment, three 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 five to 25 years, while technology and other intangibles are amortized over periods ranging from one to 30 years.

Impairment of Long-Lived Assets and Definite-Lived Intangible Assets. The Company reviews, on at least a quarterly basis, the financial performance of each business unit for indicators of impairment. In reviewing for impairment indicators, the Company also considers events or changes in circumstances such as business prospects, customer retention, market trends, potential product obsolescence, competitive activities and other economic factors. 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.

Goodwill. The Company assesses goodwill and indefinite-lived intangible assets for impairment on an annual basis by reviewing relevant qualitative and quantitative factors. More frequent evaluations may be required if the Company experiences changes in its business climate or as a result of other triggering events that take place. If carrying value exceeds fair value, a possible impairment exists and further evaluation is performed.

The Company determines its reporting units at the individual operating segment level, or one level below, when there is discrete financial information available that is regularly reviewed by segment management for evaluating operating results. For purposes of the Company's 2012 goodwill impairment test, the Company had eleven reporting units within its six reportable segments, six of which had goodwill.

The Company performed a one-step ("Step Zero") qualitative assessment for its 2012 and 2011 annual goodwill impairment tests. In conducting the qualitative assessment, the Company considers relevant events and circumstances that affect the fair value or carrying amount of a reporting unit. Such events and circumstances can include macroeconomic conditions, industry and market considerations, overall financial performance, entity and reporting unit specific events, and capital markets pricing. The Company considers the extent to which each of the adverse events and circumstances identified affect the comparison of a reporting unit's fair value with its carrying amount. The Company places more weight on the events and circumstances that most affect a reporting unit's fair value or the carrying amount of its net assets. The Company considers positive and mitigating events and circumstances that may affect its determination of whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company also considers recent valuations of its reporting units, including the difference between the most recent fair value estimate and the carrying amount. These factors are all considered by management in reaching its conclusion about whether to perform the first step of the goodwill impairment test. If management concludes that further testing is required, the Company would perform a quantitative valuation to estimate the fair value of its reporting units.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Prior to 2011, before the qualitative assessment option was issued into the accounting rules, the Company performed a quantitative valuation to estimate the fair value of its reporting units utilizing a combination of three valuation techniques: discounted cash flow ("Income Approach"), market comparable method ("Market Approach") and market capitalization ("Direct Market Data Method"). The Income Approach is based on management's operating budget and internal five-year forecast. This approach utilizes forward-looking assumptions and projections, but considers factors unique to each of the Company's businesses and related long-range plans that may not be comparable to other companies and that are not yet publicly available. The Market Approach considers potentially comparable companies and transactions within the industries where the Company's reporting units participate, and applies their trading multiples to the Company's reporting units. This approach utilizes data from actual marketplace transactions, but reliance on its results is limited by difficulty in identifying companies that are specifically comparable to the Company's reporting units, considering the diversity of the Company's businesses, their relative sizes and levels of complexity. The Company also uses the Direct Market Data Method by comparing its book value and the estimates of fair value of the reporting units to the Company's market capitalization as of and at dates near the annual testing date. Management uses this comparison as additional evidence of the fair value of the Company, as its market capitalization may be suppressed by other factors such as the control premium associated with a controlling shareholder, the Company's high degree of leverage, and the limited float of the Company's common stock. Management evaluates and weighs the results based on a combination of the Income and Market Approaches, and, in situations where the Income Approach results differ significantly from the Market and Direct Market Data Approaches, management re-evaluates and adjusts, if necessary, its assumptions.

Indefinite-Lived Intangibles. The Company early adopted ASU 2012-2 (see Note 2), and performed a qualitative assessment for its 2012 indefinite-lived intangible asset impairment test. In conducting the qualitative assessment, the Company considers relevant events and circumstances to determine whether it is more likely than not that the fair values of the indefinite-lived intangible assets are less than the carrying values. In addition to the events and circumstances that the Company considers above in its Step Zero analysis for potential goodwill impairment, the Company also considers legal, regulatory and contractual factors that could affect the fair value or carrying amount of the Company's indefinite-lived intangible assets. The Company also considers recent valuations of its indefinite-lived intangible assets, including the difference between the most recent fair value estimates and the carrying amounts. These factors are all considered by management in reaching its conclusion about whether it is more likely than not that the fair values of the indefinite-lived intangible assets are less than the carrying values. If management concludes that further testing is required, the Company would perform a quantitative valuation to estimate the fair value of its indefinite-lived intangible assets. If the carrying value exceeds fair value, an impairment is recorded.

In prior years, before the qualitative assessment option issued under ASU 2012-2, the Company utilized the royalty relief method to estimate the fair value of its indefinite-lived intangible assets, basing the estimate on discounted future cash flows related to the net amount of royalty expenses avoided due to the existence of the trademark or tradename. The Company then compared the estimated fair value to the carrying value. If the carrying value exceeds fair value, an impairment is recorded.

Self-insurance. The Company is generally self-insured for losses and liabilities related to workers' compensation, health and welfare claims and comprehensive general, product and vehicle liability. The Company is generally responsible for up to \$0.5 million per occurrence under its retention program for workers' compensation, between \$0.3 million and \$2.0 million per occurrence under its retention programs for comprehensive general, product and vehicle liability, and has a \$0.3 million per occurrence stop-loss limit with respect to its self-insured group medical plan. Total insurance limits under these retention programs vary by year for comprehensive general, product and vehicle liability and extend to the applicable statutory limits for workers' compensation. Reserves for claims losses, including an estimate of related litigation defense costs, are recorded based upon the Company's estimates of the aggregate liability for claims incurred using actuarial assumptions about future events. Changes in assumptions for factors such as medical costs and actual experience could cause these estimates to change.

Pension Plans and Postretirement Benefits Other Than Pensions. Annual net periodic pension expense and benefit liabilities under defined benefit pension plans are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. Annually, the Company reviews the actual experience compared to the more significant assumptions used and makes adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed based upon actual 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 it is the Company's policy to pay these benefits as they become due.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenue Recognition. Revenues from product sales are recognized when products are shipped or services are provided to customers, the customer takes ownership and assumes risk of loss, the sales price is fixed and determinable and collectability is reasonably assured. Net sales is comprised of gross revenues less estimates of expected returns, trade discounts and customer allowances, which include incentives such as cooperative advertising agreements, volume discounts and other supply agreements in connection with various programs. Such deductions are recorded during the period the related revenue is recognized.

Cost of Sales. Cost of sales includes material, labor and overhead costs incurred in the manufacture of products sold in the period. Material costs include raw material, purchased components, outside processing and inbound freight costs. Overhead costs consist of variable and fixed manufacturing costs, wages and fringe benefits, and purchasing, receiving and inspection costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses include the following: costs related to the advertising, sale, marketing and distribution of the Company's products, shipping and handling costs, amortization of customer intangible assets, costs of finance, human resources, legal functions, executive management costs and other administrative expenses.

Shipping and Handling Expenses. Freight costs are included in cost of sales and shipping and handling expenses, including those of Cequent Americas' distribution network, are included in selling, general and administrative expenses in the accompanying statement of income. Shipping and handling costs were \$4.1 million, \$4.1 million and \$4.0 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Advertising and Sales Promotion Costs. Advertising and sales promotion costs are expensed as incurred.

Advertising costs were approximately \$7.9 million, \$7.6 million and \$5.9 million for the years ended December 31, 2012, 2011 and 2010, respectively, and are included in selling, general and administrative expenses in the accompanying statement of income.

Income Taxes. The Company computes income taxes using the asset and liability method, whereby deferred income taxes using current enacted tax rates are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities and for operating loss and tax credit carryforwards. The Company determines valuation allowances based on an assessment of positive and negative evidence on a jurisdiction-by-jurisdiction basis and records a valuation allowance to reduce deferred tax assets to the amount more likely than not to be realized. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

Foreign Currency Translation. The financial statements of subsidiaries located outside of the United States are measured using the currency of the primary economic environment in which they operate as the functional currency. Net foreign currency transaction losses were approximately \$1.1 million, \$1.2 million and \$1.1 million for the years ended December 31, 2012, 2011 and 2010, respectively, and are included in other expense, net in the accompanying statement of income. When translating into U.S. dollars, income and expense items are translated at average monthly exchange rates and assets and liabilities are translated at exchange rates in effect at the balance sheet date. Translation adjustments resulting from translating the functional currency into U.S. dollars are deferred as a component of accumulated other comprehensive income in the statement of shareholders' equity.

Derivative Financial Instruments. The Company records all derivative financial instruments at fair value on the balance sheet as either assets or liabilities, and changes in their fair values are immediately recognized in earnings if the derivatives do not qualify as effective hedges. If a derivative is designated as a fair value hedge, then changes in the fair value of the derivative are offset against the changes in the fair value of the underlying hedged item. If a derivative is designated as a cash flow hedge, then the effective portion of the changes in the fair value of the derivative is recognized as a component of other comprehensive income until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable of occurring. The Company formally documents hedging relationships for all derivative transactions and the underlying hedged items, as well as its risk

management objectives and strategies for undertaking the hedge transactions. See Note 13, "Derivative Instruments," for further information on the Company's financial instruments.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair Value of Financial Instruments. In accounting for and disclosing the fair value of these instruments, the Company uses the following hierarchy:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

• Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

• Level 3 inputs are unobservable inputs for the asset or liability.

Valuation of the interest rate swaps and foreign currency forward contracts are based on the income approach, which uses observable inputs such as interest rate yield curves and forward currency exchange rates.

The carrying value of financial instruments reported in the balance sheet for current assets and current liabilities approximates fair value due to the short maturity of these instruments. The Company's senior secured term loan A facility traded at 99.3% of par value and the senior secured term loan B facility traded at 99.9% of par value as of December 31, 2012. The previous term loan B facility traded at 99.0% of par value as of December 31, 2011. The Company's senior secured notes traded at approximately 108.5% of par value as of December 31, 2011. The valuations of the term loans and senior secured notes were determined based on Level 2 inputs.

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 219,911, 130,314 and 118,841 restricted shares for the years ended December 31, 2012, 2011 and 2010, respectively. Options to purchase 675,665, 1,271,149 and 1,742,086 shares of common stock were outstanding at December 31, 2012, 2011 and 2010, respectively. The calculation of diluted earnings per share included 208,175, 403,090 and 554,974 options to purchase shares of common stock for the years ended December 31, 2012, 2011, and 2010, respectively.

Stock-based Compensation. The Company recognizes compensation expense related to equity awards based on their fair values as of the grant date. In addition, the Company periodically updates its estimate of attainment for each restricted share with a performance factor based on current and forecasted results, reflecting the change from prior estimate, if any, in current period compensation expense. The disclosed number of shares granted considers only the targeted number of shares until such time that the performance condition has been satisfied. If the performance conditions are not achieved, no award is earned.

Other Comprehensive Income. The Company refers to other comprehensive income as revenues, expenses, gains and losses that under accounting principles generally accepted in the United States are included in comprehensive income but are excluded from net earnings as these amounts are recorded directly as an adjustment to stockholders' equity. Other comprehensive income is comprised of foreign currency translation adjustments, amortization of prior service costs and unrecognized gains and losses in actuarial assumptions and changes in unrealized gains and losses on derivatives.

The components of accumulated other comprehensive income as of December 31 are as follows:

	2012	2011
	(dollars in thousands)	
Foreign currency translation adjustments	\$53,380	\$49,450
Unrecognized prior service cost and unrecognized loss in actuarial assumptions	(12,440	) (9,870
Unrealized loss on derivatives	(1,680) —
Accumulated other comprehensive income	\$39,260	\$39,580

Reclassifications. Certain prior year amounts have been reclassified to conform with the current year presentation.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Equity Offering

In May 2012, the Company issued 4,000,000 shares of its common stock via a public offering at a price of \$20.75 per share. Net proceeds from the offering, after deducting underwriting discounts, commissions and offering expenses of \$4.0 million, totaled approximately \$79.0 million. Approximately \$54.9 million of the net proceeds were utilized to partially redeem \$50.0 million aggregate principal of the Company's 9¾% senior secured notes due 2017 ("Senior Notes"). The remaining proceeds were used for general corporate purposes, including acquisitions, capital expenditures and working capital requirements. See Note 12, "Long-term Debt," for further information on the Company's partial redemption of its Senior Notes.

5. Acquisitions

Arminak & Associates

On February 24, 2012, the Company acquired 70% of the membership interests of Arminak & Associates, LLC ("Arminak") for the purchase price of approximately \$67.7 million. Arminak is in the business of designing, manufacturing and supplying foamers, lotion pumps, fine mist sprayers and other packaging solutions for the cosmetic, personal care and household product markets. The acquisition of Arminak enhances the Company's highly-engineered product offering and provides access to large global customers in the cosmetic and personal care markets. Arminak is included in the Company's Packaging reportable segment.

The purchase agreement provides the Company an option to purchase, and the Sellers an option to sell, the remaining 30% noncontrolling interest at specified dates in the future based on a multiple of earnings, as defined. The call and put options become exercisable during the first quarters of 2014, 2015 and 2016. During the first exercise period, in 2014, TriMas and Arminak's previous owners ("Sellers") have the opportunity to call or put a 10% interest in Arminak. During the second exercise period, in 2015, TriMas and the Sellers have the opportunity to call or put an additional 10%, or up to all remaining interests held by Sellers per joint agreement, as defined in the purchase agreement. Finally, during the third exercise period, in 2016, a call or put may be exercised for all or any portions of the remaining interests held by the Sellers.

The combination of a noncontrolling interest and a redemption feature resulted in a redeemable noncontrolling interest, which is classified outside of permanent equity on the accompanying consolidated balance sheet. In order to estimate the fair value of the redeemable noncontrolling interest in Arminak, the Company utilized the Monte Carlo valuation method, using variations of estimated future discounted cash flows given certain significant assumptions including expected revenue growth, minimum and maximum estimated levels of gross profit margin, future expected cash flows, amounts transferred during each call and put exercise period and appropriate discount rates. As these assumptions are not observable in the market, the calculation represents a Level 3 fair value measurement. The Company recorded the redeemable noncontrolling interest at fair value at the date of acquisition. At December 31, 2012, the estimated fair value of the redeemable noncontrolling interest exceeded the redemption value.

Changes in the carrying amount of redeemable noncontrolling interest are summarized as follows:

	Year ended December 31, 2012 (dollars in thousands)
Beginning balance, February 24, 2012	\$ 25,630
Distributions to noncontrolling interests	(1,260)
Net income attributable to noncontrolling interests	2,410
Ending balance, December 31, 2012	\$ 26,780

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the fair value of consideration paid for Arminak, and the assets acquired and liabilities assumed, as well as the fair value of the noncontrolling interest in Arminak at the acquisition date.

	February 24, 2012 (dollars in thousands)	
Consideration		
Initial cash paid net of working capital adjustment	\$59,200	
Contingent consideration ^(a)	8,490	
Total consideration	\$67,690	
Recognized amounts of identifiable assets acquired and liabilities assumed		
Receivables	\$8,760	
Inventories	4,200	
Intangible assets other than goodwill ^(b)	48,400	
Other assets	2,450	
Accounts payable and accrued liabilities	(4,270)
Long-term liabilities	(1,610)
Total identifiable net assets	57,930	
Redeemable noncontrolling interest	(25,630)
Goodwill ^(c)	35,390	
	\$67,690	

^(a) The contingent consideration represented the Company's best estimate, based on its review, at the time of purchase, of the underlying potential obligations estimated at a range of \$8 million to \$9 million, of certain Seller tax-related liabilities for which the Company has indemnified the Sellers as part of the purchase agreement. During 2012, the Company paid \$4.9 million of additional purchase price related to the contingent consideration. The remaining liability range of \$3.1 million to \$4.1 million continues to represent the Company's best estimate of the remaining potential obligation at December 31, 2012.

^(b) Consists of \$33.0 million of customer relationships with an estimated 10 year useful life, \$7.9 million of trademarks/trade names with an indefinite useful life and \$7.5 million of technology and other intangible assets with an estimated 8 year useful life.

^(c) All of the goodwill was assigned to the Company's Packaging reportable segment and is expected to be deductible for tax purposes.

The results of operations of Arminak are included in the Company's results beginning February 24, 2012. The actual amounts of net sales and net income of Arminak included in the accompanying consolidated statement of income are summarized as follows:

	Year ended December 31, 2012 (dollars in thousands)
Net sales	\$65,860
Net income	\$8,030

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the supplemental pro forma results of the combined entity as if the acquisition had occurred on January 1, 2011. The supplemental pro forma information presented below is for informational purposes and is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisition been consummated on January 1, 2011:

	Pro forma Combined ^(a)	
	Year ended December 31,	
	2012	2011
	(dollars in thousands)	
Net sales	\$ 1,280,940	\$ 1,144,020
Net income attributable to TriMas Corporation	\$ 35,850	\$ 54,540

^(a) The supplemental pro forma results reflect certain adjustments, such as adjustments for acquisition costs incurred and purchase accounting adjustments related to step-up in value and subsequent amortization of inventory and intangible assets.

Total acquisition costs incurred by the Company in connection with its purchase of Arminak, primarily related to third party legal, accounting and tax diligence fees, were approximately \$1.3 million, of which approximately \$0.3 million were incurred during the fourth quarter of 2011 and \$1.0 million were incurred during the first quarter of 2012. These costs are recorded in selling, general and administrative expenses in the accompanying consolidated statement of income.

Other Acquisitions

During 2012, the Company completed other acquisitions for approximately \$27 million in cash, in aggregate, with an additional estimated \$14 million of deferred purchase price and contingent consideration, based primarily on post-acquisition operating results, payable over the next five years. Of these acquisitions, the most significant included CIFAL Industrial e Comercial Ltda ("CIFAL") within the Energy reportable segment, Engetran Engenharia, Industria, e Comercio de Pecas e Accesorios Veiculares Ltda ("Engetran") within the Cequent Americas reportable segment and Trail Com Limited ("Trail Com") within the Cequent Asia Pacific reportable segment. CIFAL is a Brazilian manufacturer and supplier of specialty fasteners and stud bolts, primarily to the oil and gas industry and generated approximately \$9 million in revenue for the twelve months ended June 30, 2012. Engetran is a Brazilian manufacturer of trailering and towing products including trailer hitches, skid plates and related accessories and generated approximately \$6 million in revenue for the twelve months ended June 30, 2012. Lastly, Trail Com, with locations in New Zealand and Australia, is a distributor of towing accessories and trailer components and generated approximately \$12 million in revenue for the twelve months ended June 30, 2012. While the Company has recorded preliminary purchase accounting adjustments for these acquisitions, the Company may refine such amounts as it finalizes these estimates during the requisite one-year measurement periods.

During 2011, the Company completed acquisitions for an aggregate amount of approximately \$31.7 million. Within its Packaging reportable segment, the Company acquired the stock of Innovative Molding ("Innovative"), a manufacturer of specialty plastic closures for bottles and jars for the food and nutrition industries located in California, for the purchase price of \$27.0 million. Within its Energy reportable segment, the Company purchased substantially all of the assets of a standard ring type joint gasket manufacturer located in Faridabad, India for the purchase price of approximately \$2.1 million. Within its Cequent Asia Pacific reportable segment, the Company acquired the stock of BTM Manufacturing Limited ("BTM"), a motor vehicle accessory manufacturer and distributor in South Africa, for the purchase price of \$2.6 million, net of cash acquired.

During 2010, the Company completed acquisitions for an aggregate amount of approximately \$29.1 million. The Company's Norris Cylinder subsidiary, included in the Engineered Components reportable segment, completed the acquisition of certain assets and liabilities from Taylor Wharton International, LLC ("TWI") and its subsidiary, TW Cylinders, related to TWI's high and low-pressure cylinder business for \$11.1 million. The acquisition was completed following approval by the United States Bankruptcy Court for the District of Delaware pursuant to Section 363 of the

U.S. Bankruptcy Code. The fair value of the net assets acquired exceeded the purchase price, resulting in a bargain purchase gain of approximately \$0.4 million, which is included in other expense, net in the accompanying consolidated statement of income for the year ended December 31, 2010. The Company's Lamons business, included in the Energy reportable segment, acquired the stock of South Texas Bolt & Fitting, Inc. ("STBF"), a diversified manufacturer and distributor of various types of stud bolts, industrial fasteners and specialty products to the oil field and industrial market, for the purchase price of \$18.0 million, net of cash acquired.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The assets acquired, liabilities assumed and results of operations of the aforementioned "other acquisitions" are not significant individually or in aggregate compared to the overall assets, liabilities and results of operations of the Company.

6. Discontinued Operations

During the third quarter of 2011, the Company committed to a plan to exit its precision tool cutting and specialty fittings lines of business, both of which were part of the Engineered Components reportable segment. The businesses were sold in December 2011 for cash proceeds of \$36.4 million and a note receivable of \$2.2 million, which was collected in 2012, resulting in a pre-tax gain on sale of approximately \$10.3 million. The purchase agreement also includes up to \$2.5 million of additional contingent consideration, based on achievement of certain levels of future financial performance in 2012 and 2013, to be finalized by the second quarter of the year following the performance condition.

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

In February 2009, the Company completed the sale of certain assets within its specialty laminates, jacketings and insulation tapes line of business, which was part of the Packaging reportable segment. 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 the fourth quarters of 2011 and 2010, the Company re-evaluated its estimate of unrecoverable future obligations initially recorded in 2009 and recorded additional charges of approximately \$1.8 million and \$3.5 million, respectively, based on further deterioration of real estate values and market comparables for this facility. No additional charges were recorded in 2012.

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

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

Results of discontinued operations are summarized as follows:

	Year ended December 31,		
	2012	2011	2010
	(dollars in thousands)		
Net sales	\$—	\$45,480	\$40,850
Income from discontinued operations, before income taxes	\$—	\$14,600	\$10,290
Income tax expense	—	(5,050)	(3,950)
Income from discontinued operations, net of income taxes	\$—	\$9,550	\$6,340

7. Facility Closures

Goshen, Indiana facility

In November 2012, the Company announced plans to close its manufacturing facility in Goshen, Indiana, moving production currently in Goshen to lower-cost manufacturing facilities during 2013. In connection with this action, the Company recorded a charge, primarily related to severance benefits, expected to be paid during 2013, for approximately 74 salaried employees to be involuntarily terminated as part of the closure, within its Cequent Americas reportable segment of approximately \$1.2 million, of which \$0.8 million is included in cost of sales and \$0.4 million is included in selling, general and administrative expenses in the accompanying consolidated statement of income. The Company has not recorded an estimate of severance benefits for its approximately 375 union hourly workers to be involuntarily terminated, pending the outcome of negotiations under the collective bargaining agreement.

In addition, the Company expects to record approximately \$1.6 million of accelerated depreciation expense as a result of shortening the expected useful lives on certain machinery, equipment and leasehold improvement assets that the Company no longer will utilize following the facility closure. The Company recorded approximately \$0.2 million of

such accelerated depreciation expense in 2012.

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TRIMAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company's manufacturing facility in Goshen 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.

Tekonsha, Michigan facility

In November 2011, the Company announced plans to close its manufacturing facility in Tekonsha, Michigan by the end of the third quarter of 2012, moving production currently in Tekonsha to lower-cost manufacturing facilities or to third-party sourcing partners. The production move was completed in 2012; however, the Company continues to use the facility as a distribution warehouse. In connection with this action, the Company recorded a charge in 2011, primarily related to cash costs for severance benefits for approximately 40 employees to be involuntarily terminated as part of the closure, within its Cequent Americas reportable segment of approximately \$0.5 million, of which \$0.4 million is included in cost of sales and \$0.1 million is included in selling, general and administrative expenses in the accompanying consolidated statement of income. The Company also incurred approximately \$0.4 million and \$0.1 million in 2012 and 2011, respectively, of pre-tax non-cash charges related to accelerated depreciation expense as a result of shortening the expected useful lives on certain machinery and equipment assets that the Company no longer utilizes following the closure.

8. Goodwill and Other Intangible Assets

Goodwill

The Company conducted its annual goodwill impairment test as of October 1, 2012. For purposes of its 2012 and 2011 goodwill impairment tests, the Company performed a Step Zero qualitative assessment of potential goodwill impairment. In performing the Step Zero assessment, the Company considered relevant events and circumstances that could affect the fair value or carrying amount of the Company's reporting units, such as macroeconomic conditions, industry and market considerations, overall financial performance, entity and reporting unit specific events and capital markets pricing. The Company also considered the 2010 annual goodwill impairment quantitative test results, where the estimated fair value of each of the Company's reporting units with goodwill exceeded the carrying value by more than 30%. Based on the Step Zero analysis performed, the Company does not believe that it is more likely than not that the fair value of a reporting unit is less than its carrying amount in 2012 and 2011; therefore, the Company determined that Steps I and II were not required for the 2012 and 2011 goodwill impairment tests.

For purposes of the Company's 2010 goodwill impairment test, the Company conducted a Step I quantitative test and gave equal weight to the Income and Market Approaches, while utilizing the Direct Market Data Approach for additional evidence of fair value. Significant management assumptions used under the Income Approach were weighted average costs of capital ranging from 12.0% - 15.0% and estimated residual growth rates ranging from 0% - 2.0%. In considering the weighted average cost of capital for each reporting unit, management considered the level of risk inherent in the cash flow projections based on historical attainment of its projections and current market conditions. Upon completion of its annual goodwill impairment test in 2010, the Company determined that each of its reporting units with recorded goodwill passed the Step I impairment test, with the estimated fair value of each of these reporting units exceeding the carrying value by more than 30%. In addition, a 1% reduction in residual growth rate combined with a 1% increase in the weighted average cost of capital would not have changed the conclusions reached under the Step I impairment tests.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Changes in the carrying amount of goodwill for the years ended December 31, 2012 and 2011 are as follows:

	Packaging	Energy	Aerospace & Defense	Engineered Components	Cequent Asia Pacific	Cequent Americas	Total
	(dollars in thousands)						
Balance, December 31, 2010	\$ 113,320	\$ 48,260	\$ 41,130	\$ 3,180	\$ —	\$ —	\$ 205,890
Goodwill from acquisitions	9,810	720	—	—	—	—	10,530
Foreign currency translation and other	(800)	(260)	—	—	—	—	(1,060)
Balance, December 31, 2011	\$ 122,330	\$ 48,720	\$ 41,130	\$ 3,180	\$ —	\$ —	\$ 215,360
Goodwill from acquisitions	35,420	15,500	—	—	—	3,470	54,390
Foreign currency translation and other	1,230	(10)	—	—	—	(30)	1,190
Balance, December 31, 2012	\$ 158,980	\$ 64,210	\$ 41,130	\$ 3,180	\$ —	\$ 3,440	\$ 270,940

Other Intangible Assets

The Company conducted its annual indefinite-lived intangible asset impairment test as of October 1, 2012. For the purposes of the Company's 2012 indefinite-lived intangible asset impairment test, the Company early adopted ASU 2012-2 (see Note 2) and performed a qualitative assessment to determine whether it was more likely than not that the fair values of the indefinite-lived intangible assets are less than the carrying values. In performing the qualitative assessment, the Company considered similar events and circumstances to those considered in the Step Zero analysis for goodwill impairment testing and also considered legal, regulatory and contractual factors that could affect the fair value or carrying amount of the Company's indefinite-lived intangible assets. The Company also considered the 2011 annual indefinite-lived intangible asset impairment quantitative test results, where the estimated fair value of each of the Company's indefinite-lived intangible assets exceeded the carrying value by more than 35%, as well as the Company's results of operations and improved capital structure. Based on the qualitative assessment performed, the Company does not believe that it is more likely than not that the fair values of each of its indefinite-lived intangible assets are less than the carrying values; therefore, a fair value calculation of the indefinite-lived intangible assets is not required for the 2012 annual indefinite-lived intangible asset impairment test.

For purposes of the Company's 2011 and 2010 indefinite-lived intangible asset impairment tests, the Company applied the royalty relief method to estimate the fair value of the indefinite-lived intangible assets. Upon completion of its 2011 and 2010 indefinite-lived intangible asset impairment tests, the Company determined that each of its indefinite-lived intangible assets had a fair value in excess of its carrying value.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The gross carrying amounts and accumulated amortization of the Company's other intangibles as of December 31, 2012 and 2011 are summarized below. The Company amortizes these assets over periods ranging from one to 30 years.

Intangible Category by Useful Life	As of December 31, 2012		As of December 31, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(dollars in thousands)			
Finite-lived intangible assets:				
Customer relationships, 5 - 12 years	\$85,740	\$(30,080)	\$37,400	\$(23,410)
Customer relationships, 15 - 25 years	154,610	(85,960)	154,610	(77,730)
Total customer relationships	240,350	(116,040)	192,010	(101,140)
Technology and other, 1 - 15 years	37,130	(26,320)	29,360	(23,710)
Technology and other, 17 - 30 years	43,800	(23,070)	43,640	(20,860)
Total technology and other	80,930	(49,390)	73,000	(44,570)
Indefinite-lived intangible assets:				
Trademark/Trade names	50,310	—	36,370	—
Total other intangible assets	\$371,590	\$(165,430)	\$301,380	\$(145,710)

During 2012, in connection with its acquisitions, the Company purchased intangible assets valued at approximately \$70.2 million. Of this total, approximately \$48.4 million was ascribed to customer relationships with an estimated weighted average useful life of nine years, \$8.0 million was ascribed to technology and other intangible assets with an estimated weighted average useful life of eight years and \$13.8 million was ascribed to trademark/trade names with an indefinite useful life.

Amortization expense related to intangible assets as included in the accompanying consolidated statement of income is summarized as follows:

	Year ended December 31,		
	2012	2011	2010
	(dollars in thousands)		
Technology and other, included in cost of sales	\$4,940	\$3,490	\$3,580
Customer relationships, included in selling, general and administrative expenses	14,880	11,020	10,510
Total amortization expense	\$19,820	\$14,510	\$14,090
Estimated amortization expense for the next five fiscal years beginning after December 31, 2012 is as follows:			
Year ended December 31,	Estimated Amortization Expense		