TRIMAS CORP
Form 10-K
February 27, 2012

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

Form 10-K
(Mark One)

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

For the fiscal year ended December 31, 2011.
Or

o TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission file number 001-10716

TRIMAS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware (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:	Name of Each Exchange on Which Registered:
Common stock, $0.01 par value	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 o No x

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 o No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 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 x No o

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. o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer o	Accelerated Filer x	Non-accelerated Filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

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

The aggregate market value of the voting common equity held by non-affiliates of the Registrant as of June 30, 2011 was approximately $654.4 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 27, 2012, the number of outstanding shares of the Registrant's common stock, $0.01 par value, was 34,643,862 shares.

Portions of the Registrant's Proxy Statement for the 2011Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein.

TRIMAS CORPORATION INDEX

		Page No.
Forward-Looking Statements		3
PART I.		
Item 1.	Business	4
Item 1A.	Risk Factors	15
Item 1B.	Unresolved Staff Comments	20
Item 2.	Properties	20
Item 3.	Legal Proceedings	21
Item 4.	Mine Safety Disclosures	21
Supplementary Item.	Executive Officers of the Company	21
PART II.		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	22
Item 6.	Selected Financial Data	24
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	25
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	46
Item 8.	Financial Statements and Supplementary Data	47
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	92
Item 9A.	Controls and Procedures	92
Item 9B.	Other Information	93
PART III.		
Item 10.	Directors, Executive Officers and Corporate Governance	94
Item 11.	Executive Compensation	100
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	125
Item 13.	Certain Relationships and Related Transactions and Director Independence	126
Item 14.	Principal Accountant Fees and Services	127
PART IV.		
Item 15.	Exhibits and Financial Statement Schedules	129
Signatures		130
Exhibit Index		II-1

Table of Contents

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.

Table of Contents

PART I

Item 1. Business

We are a global manufacturer and distributor of products for commercial, industrial and consumer markets. Most of our businesses share important characteristics, including leading market shares, strong brand names, broad product offerings, established distribution networks, relatively high operating margins, relatively low capital investment requirements, product growth opportunities and strategic 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 of our businesses, 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 2011 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, 2011 as follows: Packaging (net sales: $185.2 million; operating profit: $48.1 million), Energy (net sales: $166.8 million; operating profit: $19.7 million), Aerospace & Defense (net sales: $78.6 million; operating profit: $18.6 million), Engineered Components (net sales: $175.4 million; operating profit: $27.6 million), Cequent Asia Pacific (net sales: $94.3 million; operating profit: $13.9 million) and Cequent North America (net sales: $383.7 million; operating profit: $32.7 million).

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 2009, we discontinued our medical device manufacturing line of business, which was previously included within our Engineering Components segment.
- During the fourth quarter of 2008, we entered into a binding agreement to sell certain assets within our specialty laminates, jacketings and insulation tapes line of business, which was previously included within our Packaging segment. We concluded the sale of these assets in February 2009.
- In 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 and also has a significant presence in Europe and other international 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 industrial, agricultural, food, beverage, personal care, pharmaceutical, nutraceutical and medical markets. Packaging's products include steel and plastic closure caps, drum enclosures, rings and levers, and speciality plastic closure and dispensing systems, such as pumps and specialty sprayers.

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

-

Rieke®, located in Auburn, 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.

- Englass®, located in the United Kingdom, focuses on pharmaceutical and personal care dispensers sold primarily in Europe, but its product and engineering "know-how" is applicable to the consumer dispensing market in North

Table of Contents

America and other regions, which provides continuing significant opportunities for growth.

- Rieke® Italia, located in Italy, 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.
- 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.
- Innovative Molding™, located in Rohnert Park, California, designs and manufactures specialty plastic closures for bottles and jars for the food and nutraceutical industries.

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 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 them to evolve their products to meet existing customers' needs, as well as attract new customers in a variety of end markets such as consumer, food and beverage, personal care, pharmaceutical, nutraceutical and medical.
- 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 real solutions for issues or problems. Packaging provides extensive in-house design and development 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. As a result, and because the equipment is located inside customers' plants, we are able to support competitive pricing and generate a high degree of customer loyalty. 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 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.

Strategies

We believe Packaging has significant opportunities to grow, including:

- Product Innovation and New Applications. Rieke® has focused its research and development capabilities on North American consumer applications requiring special packaging forms and stylized containers and dispenser systems requiring a high degree of functionality and engineering, as well as continuously evolving its industrial applications. During 2011, several significant bespoke products were ongoing with current and new customers. In 2010, we launched the FLEXSPOUT II™ closure system used on five gallon pails for the paint, oil and chemical industries. We believe that this product's increased functionality, including an easy-to-use retractable pour spout, has enabled Rieke® to increase its market share. In 2009, we introduced the DuraTouch® product line of small pump sprayers used in multiple product applications. These pumps emit volumes from 100-700 mcl per stroke and are used in personal care, cosmetics and pharmaceutical markets.
- Product Cross Selling Opportunities. Recently, Rieke® 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 August 2011 acquisition of Innovative Molding™ has provided additional products, specialty plastic closures for bottles and jars, 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 at better

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

Table of Contents

- Increased International 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, Rieke® 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 use or specify Rieke®'s products include industrial chemical, agricultural chemical, petroleum, paint, personal care, pharmaceutical and sanitary supply chemical companies such as BASF, Bayer, Dupont, General Electric, ICI Paints, Lucas Oil, Sherwin-Williams and PPG, among others.

Packaging's primary end customers include Boots, Costco, Design Worx, Dupont, Ecolab, Method, Pepsi, Pharmacia, 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 products, 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.

In both the NAFTA and European markets, we compete with Greif Closure Systems and Technocraft in the industrial steel closure product line. In the industrial plastic 55-gallon drum closure line, our primary competitor is Greif Closure Systems in both regions. In the 5-gallon container closure market, our primary competitors are Greif Closure Systems and Bericap. Our primary competitors in the ring and lever product line are Berger, Self Industries and Technocraft. Rieke®'s dispensing products compete with those of Calmar and Airspray, while Rieke®'s specialty closures for bottles and jars compete with Rexam and Phoenix Closures.

Energy

We believe Energy is a leading manufacturer and distributor of metallic and non-metallic gaskets, as well as various types of stud 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 and Asia, Lamons® supplies gaskets and complementary fasteners to both industrial original equipment manufacturers and maintenance repair operations. Our companies and brands which comprise this segment include Lamons® and South Texas Bolt & Fitting (“STBF”).

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; and Faridabad, India, 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 with relatively small increases in incremental costs. 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.

- 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 South Texas Bolt & Fitting 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. While many of the competitors manufacture and distribute either gaskets or bolts, supplying both provides Lamons® with an advantage to customers

Table of Contents

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 petroleum industry. We believe that Lamons® and South Texas Bolt & Fitting 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 emergency gaskets and bolts locally to meet their customers' demands.

Strategies

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

- Expansion into New Geographies. Energy has significant opportunities to grow its business by replicating its U.S branch strategy. 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. In 2011, Lamons® opened locations in Spain, Singapore, India and Midland, Michigan (U.S.). 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.
- Entry into New End Markets and Development of New Customers. Energy has opportunities to grow its business by offering its current products to new customers and new markets. Lamons® is presently targeting additional industries such as original equipment manufacturers, pulp and paper, power plants and mining.
- 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 facility and sourcing capability 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 China, the Netherlands, the United Kingdom, Spain, Singapore, Lamons'® licensees or through its many distributors. Significant Energy customers include ExxonMobil, Dow Chemical, McJunkin Redman, LyondellBasell, Valero, National Oilwell Varco and British Petroleum.

Competition

Energy's primary competitors include Flexitallic/Siem, Garlock (EnPro), Klinger and Lone Star. 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 global petroleum industry.

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 to serve aircraft and weapons platforms. 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™ 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, screws and temporary fasteners used in commercial, business and military aircraft construction and assembly. Certain Monogram™ products contain patent protection, with additional patents

Table of Contents

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. Its Visu-Lok®, Visu-Lok®II and Radial-Lok® blind bolts 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 Composi-Lok®, Composi-Lok®II, Composi-Lok®3, Inconel and Ti-OSI® blind bolts are designed to solve unique fastening problems associated with the assembly of composite aircraft structures, and are therefore particularly well-suited to take advantage of the increasing use of composite materials in aircraft construction.

- 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 leading manufacturer in its product markets, due to its unique technical capabilities in the entire metal-forming process from the acquisition of raw material to the design and fabrication of the final product. 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, beginning May 2011. NI Industries™ has bid on cartridge case solicitations to support U.S. and foreign military requirements. NI Industries™ could manufacture cartridge cases in 2012, subject to successful outcomes of the bid efforts. To broaden its product portfolio, NI Industries™ is currently evaluating 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, and is developing and testing an enlarged footprint version of the Composi-Lok,® offering improved clamping force on composite structures. The company has developed the next generation of temporary fastener, 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 currently involved in developing manufacturing processes for new cartridge cases, such as the one for the U.S. Navy's 57mm ammunition, and other munitions components. NI Industries™ has played an important role in the development of the 155mm cartridge case to support the ammunition requirements of the U.S. Navy's DDG-1000 destroyer.
- 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. 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. Monogram™ is expanding its fastener offerings to include other aerospace fastening products and is rapidly increasing its applications and content on planes. 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. 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. 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. During 2010, there

Table of Contents

was consolidation within the distribution segment of the aerospace hardware industry. While Monogram™ sells to both manufacturers and distributors, Monogram™ works directly with aircraft manufacturers to develop and test new products and improve existing products. 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 and distribution customers include Airbus, Boeing, Peerless Aerospace Fasteners, Spirit Aero Systems, Wesco Aircraft Hardware, and the U.S. Army, Navy and Air Force.

Competition

This segment's primary competitors include Cherry Aerospace (PCC) and Alcoa Fastening Systems in aerospace fasteners and General Dynamics, Hellenic Defense Systems, Sloboda and Poongsang 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 significant market share in the large caliber cartridge case product segment. 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 engines and parts, compressors, gas production equipment and chemical pumps engineered for well sites for the oil and gas industry, 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 specialty engines and engine replacement parts 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 for four main engine lines and offers a full range of replacement parts for an additional seven 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. In recent years, 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 significant 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 ("CNG") used for 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 the first manufacturer approved to distribute ISO

Table of Contents

cylinders internationally. 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 significant 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 in 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 and gas, industrial, commercial, automotive and medical equipment 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 Products, Chesapeake, Desoto Gathering, Kidde-Fenwel and Weatherford.

Competition

Arrow® Engine tends to compete against lower horsepower multi-cylinder engines such as Cummins, Chevy and Ford industrial engines and electric motors. Norris Cylinder™ competes against Worthington, Beijing Tianhai Industry Co., Faber and Vitkovice Cylinders. Engineered Components' companies supply highly engineered, non-commodity, customer specific products and most have large shares of small markets supplied by a limited number of competitors.

Cequent Asia Pacific and Cequent North America

We believe Cequent, which includes our Cequent Asia Pacific and Cequent North America reportable segments, is a leading designer, manufacturer and distributor of a wide variety of high quality, custom-engineered towing and trailer products including trailer wiring, lighting, braking, jacks, couplers, winches and cargo management. These products, which are similar for both Cequent Asia Pacific and Cequent North America, are designed to support all original equipment manufacturers (OEM) and aftermarket customers within the automotive, recreational, agricultural, utility, military, marine and industrial vehicle and trailer markets. We believe that Cequent's brand names and product lines are among the most recognized and extensive in the industry.

While Cequent Asia Pacific focuses its sales and manufacturing efforts in the Asia Pacific region of the world and most recently South Africa, Cequent North America is focused on North American markets. Cequent North America 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 the retail customer market.

Cequent Asia Pacific and Cequent North America have positioned their product portfolios to create pricing options for entry-level to premium across all of our market channels. We believe that no other competitor features a comparable array of components and recognized brand names.

Our primary product categories are offered through a number of channels as described below:

- The Fulton® and Bulldog® brands include trailer products and accessories, such as jacks, winches, couplers and locks. These brands are sold through independent installers, trailer OEMs, military and distributor channels serving the recreational, marine, agricultural, industrial and horse/livestock market sectors.
- The Tekonsha® brand is the most recognized name in trailer brake controls and related electric brake components with market leading technology to assure safe towing. These products are sold through automotive, recreational and

agricultural distributors and OEMs.

- The Bargman® and Wesbar® brands are recognized names for recreational vehicle and marine lighting, respectively. Bargman® branded products include interior and exterior recreational vehicle lighting and accessories, while Wesbar® branded products include submersible and utility trailer lighting. These brands and products are sold through

10

Table of Contents

independent installers, trailer and recreational vehicle OEMs, wholesale distributors and marine retail specialty stores.

- The Hayman-Reese™ brand of towing products has strong brand awareness in the Australian marketplace where it is well established at both the wholesale and retail levels of the aftermarket. Products include tow bars, electrical connectivity and trailer brake controls.
- The Draw-Tite®, Reese® and Hidden Hitch® brands represent towing products and accessories, such as hitches, weight distribution systems, fifth wheel hitches, ball mounts, draw bars, gooseneck hitches, brake controls, wiring harnesses and T-connectors. They are sold through independent installer and distributor channels for automotive, truck and recreational vehicles.
- The Reese® Towpower™ brand represents towing and towing accessories such as hitches, ball mounts, hitch balls, towing locks and trailering product accessories such as jacks, couplers and trailer locks which are sold through retail, automotive, sporting goods, hardware, home centers, clubs and mass merchandising channels.
- The Highland, ROLA®, Reese CarryPower™ and Reese Outfitter® brands anchor our presence in the cargo management category. 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 which are sold through hitch installers, independent bike dealers, wholesale distributors, retail, automotive, sporting goods, hardware, home centers and mass merchandising channels.
- The Pro Series™ and Tow Ready® brands offer Cequent the ability to meet the need for entry-level price point towing products without reducing the value of our premium brands and their position within the market. The brands include products such as receiver hitches, weight distribution systems, fifth wheel hitches, ball mounts, draw bars, trailer brake controls, cargo management, wiring harnesses and T-connectors. These products complement the premium brands in all the markets we serve.

Competitive Strengths

- Diverse Product Portfolio of Strong Brand Names. Cequent Asia Pacific and Cequent North America 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 North America have leading market positions.
- Value Engineering. Cequent Asia Pacific and Cequent North America 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 North America utilize several distribution channels for sales, including OEM for trailers, OEM 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, most notably in Cequent North America, 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 North America has the ability to produce low-volume, customized products in-house, quickly and efficiently at manufacturing facilities in both the U.S. and Mexico. Cequent North America 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 both Melbourne, Australia and Bangkok, Thailand.

Table of Contents

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 North America 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 North America both have significant opportunities to further introduce products into new channels of distribution. Cequent Asia Pacific and North America have 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 OEM's.
- Geographic Expansion. Cequent Asia Pacific has a strong business presence in Australia with its Hayman-Reese™ brand which was further enhanced with the acquisition of Parkside Towbars in 2008, providing a greater penetration into Western Australia. In addition, we have introduced products into the local market in Thailand after launching our local plant there. 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. Cequent North America is also evaluating sales opportunities outside of North America.
- Strong Product Innovation. Cequent North America has a history of successfully developing and launching new products with patented features. Newer introductions include 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 North America 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 North America serves customers such as Ford, Keystone Automotive, Redneck, Stag Parkway, Hyundai/KIA, John Deere, NAPA, 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, and specialty auto retailers including Advanced Auto Parts and AutoZone. Cequent Asia Pacific's customers include many automotive manufacturers and suppliers, including Toyota, Ford and Mitsubishi.

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, Hopkins Manufacturing, Peterson Industries, Grote, Optronics and Pollack. Significant towing competitors include Curt Manufacturing, Valley Towing Products, 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 Axius. In addition, competition in the cargo management product category primarily comes from Thule and Yakima.

Table of Contents

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 would acquire another industry participant or product line within our industries to enhance the strengths of our core businesses. When seeking acquisition targets, we look for opportunities to supplement our existing product lines, gain access to additional distribution channels, expand our geographic footprint and achieve scale and cost efficiencies.

Materials and Supply Arrangements

Our largest raw materials purchases are for steel, copper, aluminum, 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, Taiwan and India.

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. 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, 2011, we employed approximately 4,100 people, of which approximately 23% were unionized and approximately 40% were located outside the U.S. We currently have collective bargaining agreements covering five facilities worldwide for our continuing operations, three of which are in the United States. Employee relations have generally been satisfactory. Our previous precision tool cutting and specialty fittings lines of business, both of which were sold in December 2011 (see Note 5, "Discontinued Operations," to the audited financial statements included herein), were subject to collective bargaining agreements.

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 commits us to remain generally neutral in Union organizing drives through the duration of the agreement, which concludes on June 30, 2012.

Seasonality and Backlog

There is some seasonality in the businesses within our Cequent reportable segments, primarily within Cequent North America, 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 in its businesses. We do not consider sales order backlog to be a material factor in our business.

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.

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 and Other Assets

Our identified intangible assets, consisting of customer relationships, trademarks and trade names and technology, are recorded at approximately $155.7 million at December 31, 2011, net of accumulated amortization. The valuation of each of the identified intangibles was performed using broadly accepted valuation methodologies and techniques.

Table of Contents

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 5 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 including Draw-Tite®, Reese®, Hidden Hitch®, Bulldog®, Tekonsha®, Highland "The Pro's Brand"®, Fulton®, Wesbar®, Visu-Lok®, Monogram™, Rieke®, Innovative Molding™, ViseGrip® FlexSpout®, Lamons®, South Texas Bolt and Fitting™ and Arrow®, among others. 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 transportation, industrial and commercial markets that we serve. Estimated useful lives for our technology intangibles range from one to thirty 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 twenty 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.

Quarterly, or as conditions may warrant, we assess whether the value of our identified intangibles has been impaired. Factors considered in performing this assessment include current operating results, business prospects, customer retention, market trends, potential product obsolescence, competitor activities and other economic factors. We continue to invest in maintaining customer relationships, trademarks and trade names, and the design, development and testing of proprietary technologies that we believe will set our products apart from those of our competitors.

International Operations

Approximately 18.2% of our net sales for the year ended December 31, 2011 were derived from sales by our subsidiaries located outside of the U.S., and we may significantly expand our international operations through organic growth actions and acquisitions. In addition, approximately 28.5% of our operating net assets as of December 31, 2011 were located outside of the U.S. We operate manufacturing facilities in Australia, Thailand, Canada, China, the United Kingdom (U.K.), Italy, Germany, the Netherlands, Mexico, India and South Africa. In addition to the net sales derived from sales by our subsidiaries located outside of the U.S., we also generated approximately $132.5 million of export sales from the U.S. 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.

Sales outside of the U.S., particularly sales to emerging markets, are subject to various risks that are not present in sales within U.S. markets, including governmental embargoes or foreign trade restrictions such as antidumping duties, changes in U.S. and foreign governmental regulations, tariffs and other trade barriers, the potential for nationalization of enterprises, foreign exchange risk and other political, economic and social instability. In addition, there are tax inefficiencies in repatriating portions of our cash flow from non-U.S. subsidiaries.

Table of Contents

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.

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 we have experienced sporadic increases recently. 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.

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.

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.

Table of Contents

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 and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations.

We continue to have indebtedness that is substantial in relation to our shareholders' equity. As of December 31, 2011, we have approximately $469.9 million of outstanding debt and approximately $173.8 million of shareholders' equity. Approximately $224.0 million of our debt bears interest at variable rates. We may experience material increases in our interest expense as a result of increases in interest rate levels generally. Our debt service payment obligations in 2011 were approximately $57.8 million and, based on amounts outstanding as of December 31, 2011, a 1% increase in the per annum interest rate for our variable rate debt would increase our interest expense by approximately $0.1 million annually. 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 business and the industry in which we operate may be limited;
- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, business development efforts, general corporate or other purposes may be impaired;
- 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 other purposes, including our operations, capital expenditures, 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 material 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."

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 and the indenture governing our senior secured notes contain 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 our assets and 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

---

Table of Contents

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, 2011, our goodwill and intangible assets were approximately $371.0 million and represented approximately 37.6% 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 indefinite-lived 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 have a history of net losses.

While we generated net income of $60.4 million and $45.3 million for the years ended December 31, 2011 and 2010, we incurred a net loss of $0.2 million for the year ended December 31, 2009. The loss in 2009 was impacted by a loss from discontinued operations of $12.7 million. We incurred net losses for the years ended December 31, 2008 and 2007 of $136.2 million and $158.4 million, respectively. The losses in 2008 and 2007 principally resulted from pre-tax, non-cash goodwill and indefinite-lived impairment charges of $166.6 million and $171.2 million, respectively. In addition, interest expense associated with our highly leveraged capital structure, non-cash expenses such as depreciation and amortization of intangible assets and other asset impairments have had negative impact on our earnings. We may experience net losses in the future.

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, reengineer, or rebrand 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.

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,

Table of Contents

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 8,048 claims pending at December 31, 2011, 66 set forth specific amounts of damages (other than those stating the statutory minimum or maximum). 42 of the 66 claims sought between $1.0 million and $5.0 million in total damages (which includes compensatory and punitive damages), 19 sought between $5.0 million and $10.0 million in total damages (which includes compensatory and punitive damages) and 5 sought over $10.0 million in total damages (which includes compensatory and punitive damages). Solely with respect to compensatory damages, 42 of the 66 claims sought between $50,000 and $600,000, 21 sought between $600,000 and $5.0 million and 3 sought over $5.0 million. Solely with respect to punitive damages, 42 of the 66 claims sought between $1.0 and $2.5 million, 19 sought between $2.5 million and $5.0 million and 5 sought over $5.0 million. In addition, relatively few of the claims have reached the discovery stage and even fewer claims have gone past the discovery stage. Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 20 years ago, have been approximately $6.1 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.

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 18 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.

Table of Contents

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 2011 under these operating leases was approximately $18.9 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, 2011, approximately 23% of our work force in our continuing operations was unionized under several different unions and bargaining agreements. 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 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 commits us to remain generally neutral in Union organizing drives through the duration of the agreement, which concludes on June 30, 2012.

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 field 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.

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.

Table of Contents

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.

Approximately 18.2% of our net sales for the year ended December 31, 2011 were derived from sales by our subsidiaries located outside of the U.S. We may significantly expand our international operations through internal growth and acquisitions. Sales outside of the U.S., particularly sales to emerging markets, and manufacturing in non-US countries are subject to various other risks which are not present within U.S. markets, including governmental embargoes or foreign trade restrictions such as anti-dumping duties, changes in U.S. and foreign governmental regulations, tariffs and other trade barriers, the potential for nationalization of enterprises, foreign exchange risk and other political, economic and social instability. In addition, there are tax inefficiencies in repatriating cash flow from non-U.S. subsidiaries that could affect our financial results and reduce our ability to service debt.

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.

Heartland owns approximately 15.2% of our voting common equity.

Heartland Industrial Partners ("Heartland") beneficially owns approximately 15.2% of our outstanding voting common equity. As a result, Heartland has the power 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, regardless of whether other stockholders believe that any such transactions are in their own best interests. For example, Heartland could influence our decisions to make acquisitions that increase the amount of our indebtedness, sell revenue-generating assets or influence our decisions to undergo a "going private" transaction with it or one of its affiliates. So long as Heartland continues to own a significant amount of the outstanding shares of our common stock, it will continue to be able 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. One of our directors is the Managing Member of Heartland's general partner. 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.

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 2012 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, 2011:

Packaging	Energy	Aerospace & Defense	Engineered Components	Cequent Asia Pacific	Cequent North America
United States: Arkansas: Atkins[1] California: Rohnert Park[1] Indiana: Auburn Hamilton[1] International: Germany: Neunkirchen France: Trappes Italy: Valmadrera, Lecco Mexico: Mexico City United Kingdom: Leicester China: Hangzhou[1]	United States: Texas: Houston[1] International: Canada: Sarnia, Ontario[1] China: Hangzhou[1] India: Faridabad[1] The Netherlands: Rotterdam[1]	United States: California: Commerce[1] Illinois: Rock Island[2]	United States: Alabama: Huntsville Oklahoma: Tulsa Texas: Longview	International: Australia: Dandenong, Victoria Lyndhurst, Victoria[1] Perth, Western Australia[1] South Africa: Meyerton[1] Thailand: Chon Buri[1]	United States: Indiana: Goshen[1] Huntington[1] South Bend[1] Michigan: Plymouth[1] Tekonsha[1] Ohio: Solon[1] International: Canada: Burlington, Ontario Mexico: Juarez[1] Reynosa[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 14, "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.

Table of Contents

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." Effective January 3, 2011, TriMas became eligible for inclusion in the NASDAQ Global Select Market. We were previously listed on the NASDAQ Global Market. As of February 20, 2012, there were 575 holders of record of our common stock.

We did not pay dividends in 2011 or 2010. Our credit facility and the indenture governing our outstanding senior secured notes restrict the payment of dividends on common stock. 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 11 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, 2011, are shown below:

	Price range of common stock	
	High Price	Low Price
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
Year ended December 31, 2010		
4th Quarter	$22.63	$14.81
3rd Quarter	$14.99	$9.62
2nd Quarter	$12.55	$6.98
1st Quarter	$7.49	$5.76

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.

Table of Contents

Performance Graph

The following graph compares the cumulative total stockholder return from the date of our IPO through December 31, 2011 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 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.

Table of Contents

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, 2011. 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 included in Item 8 of this report.

	Year ended December 31,				
	2011	2010	2009	2008	2007
	(dollars and shares in thousands, except per share data)				
Statement of Operations Data:					
Net sales	$1,083,960	$902,460	$777,050	$981,110	$963,530
Gross profit	317,700	271,050	204,510	254,760	262,540
Impairment of goodwill and indefinite-lived intangible assets	—	—	—	(147,430)	(171,210)
Operating profit (loss)	131,320	109,340	49,500	(54,000)	(100,790)
Income (loss) from continuing operations	50,810	38,930	12,440	(110,190)	(165,040)
Per Share Data:					
Basic:					
Continuing operations	$1.48	$1.15	$0.37	$(3.30)	$(5.79)
Weighted average shares	34,246	33,761	33,490	33,423	28,499
Diluted:					
Continuing operations	$1.46	$1.13	$0.36	$(3.30)	$(5.79)
Weighted average shares	34,780	34,435	33,892	33,423	28,499

	Year ended December 31,				
	2011	2010	2009	2008	2007
	(dollars in thousands)				
Statement of Cash Flows Data:					
Cash flows provided by (used for)					
Operating activities	$95,810	$94,960	$83,510	$31,170	$64,970
Investing activities	(25,230)	(37,850)	9,130	(33,380)	(68,910)
Financing activities	(28,030)	(20,220)	(87,070)	1,320	5,140
Balance Sheet Data:					
Total assets	$986,540	$925,720	$825,780	$930,220	$1,286,060
Total debt	469,900	494,650	514,550	609,940	615,990
Goodwill and other intangibles	371,030	365,800	360,410	380,100	769,850

Table of Contents

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 North America.

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, beginning in late 2008, when worldwide credit markets and global economic conditions deteriorated significantly, resulting in declines in demand for our products and services. These conditions persisted throughout 2009, resulting in reductions in sales and earnings from comparable prior periods. We experienced generally higher levels of economic activity during 2010, as economic conditions continued to strengthen throughout the year, helping us to generate year-over-year increases in net sales and operating profit in all of our reportable segments except Aerospace & Defense. The economic recovery continued in 2011, and combined with significant market share gains and new product introductions, drove the increase in our year-over-year net sales levels in all six reportable segments, with operating profit levels higher year-over-year in all of our reportable segments except Packaging.

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 North America, 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 is 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. We experienced decreases in sales and earnings in 2008 and 2009 as a result of an uncertain credit market and interest rate environment and rising energy costs, among other things. In the past two years, however, we have grown net sales in these segments to levels that surpass the pre-recessionary levels due to significant market share gains comprised of new and existing customers and new product introductions. Despite the sales increases in the past two years, we recognize that consumer sentiment and the end market conditions remain unstable, primarily for Cequent North America, given continued uncertainties in employment levels and consumer credit availability, both of which significantly impact consumer discretionary spending.

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 North America, where we have 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 North America 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 North America 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.

Table of Contents

Segment Information and Supplemental Analysis

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

	Year ended December 31,					
	2011	As a Percentage of Net Sales	2010	As a Percentage of Net Sales	2009	As a Percentage of Net Sales
	(dollars in thousands)					
Net Sales						
Packaging	$185,240	17.1%	$171,170	19.0%	$145,060	18.7%
Energy	166,780	15.4%	129,100	14.3%	111,520	14.3%
Aerospace & Defense	78,590	7.2%	73,930	8.2%	74,420	9.6%
Engineered Components	175,350	16.2%	113,000	12.5%	73,100	9.4%
Cequent Asia Pacific	94,290	8.7%	75,990	8.4%	63,930	8.2%
Cequent North America	383,710	35.4%	339,270	37.6%	309,020	39.8%
Total	$1,083,960	100.0%	$902,460	100.0%	$777,050	100.0%
Gross Profit						
Packaging	$74,350	40.1%	$70,050	40.9%	$52,920	36.5%
Energy	45,480	27.3%	36,930	28.6%	30,750	27.6%
Aerospace & Defense	29,790	37.9%	27,610	37.3%	30,290	40.7%
Engineered Components	38,920	22.2%	22,580	20.0%	10,690	14.6%
Cequent Asia Pacific	24,750	26.2%	20,450	26.9%	14,480	22.6%
Cequent North America	104,410	27.2%	93,430	27.5%	65,380	21.2%
Total	$317,700	29.3%	$271,050	30.0%	$204,510	26.3%
Selling, General and Administrative						
Packaging	$26,260	14.2%	$20,450	11.9%	$19,630	13.5%
Energy	25,850	15.5%	22,170	17.2%	19,540	17.5%
Aerospace & Defense	11,070	14.1%	9,510	12.9%	8,490	11.4%
Engineered Components	11,460	6.5%	9,410	8.3%	6,460	8.8%
Cequent Asia Pacific	10,840	11.5%	8,400	11.1%	6,510	10.2%
Cequent North America	71,670	18.7%	65,540	19.3%	63,200	20.5%
Corporate expenses	29,370	N/A	24,710	N/A	22,590	N/A
Total	$186,520	17.2%	$160,190	17.8%	$146,420	18.8%
Operating Profit (Loss)						
Packaging	$48,060	25.9%	$48,710	28.5%	$33,050	22.8%
Energy	19,740	11.8%	14,700	11.4%	11,140	10.0%
Aerospace & Defense	18,640	23.7%	18,090	24.5%	21,770	29.3%
Engineered Components	27,620	15.8%	12,660	11.2%	4,190	5.7%
Cequent Asia Pacific	13,900	14.7%	12,050	15.9%	7,990	12.5%
Cequent North America	32,730	8.5%	27,840	8.2%	(3,160)	(1.0)%
Corporate expenses	(29,370)	N/A	(24,710)	N/A	(25,480)	N/A
Total	$131,320	12.1%	$109,340	12.1%	$49,500	6.4%
Capital Expenditures						
Packaging	$5,420	2.9%	$5,200	3.0%	$4,190	2.9%
Energy	3,710	2.2%	3,660	2.8%	1,270	1.1%
Aerospace & Defense	2,410	3.1%	1,850	2.5%	1,550	2.1%
Engineered Components	5,490	3.1%	2,780	2.5%	920	1.3%

Cequent Asia Pacific	8,780	9.3	%	3,530	4.6	%	750	1.2	%
Cequent North America	2,400	0.6	%	3,100	0.9	%	2,530	0.8	%
Corporate	170	N/A		230	N/A		80	N/A	
Total	$28,380	2.6	%	$20,350	2.3	%	$11,290	1.5	%

Table of Contents

	Year ended December 31,					
	2011	As a Percentage of Net Sales	2010	As a Percentage of Net Sales	2009	As a Percentage of Net Sales
	(dollars in thousands)					
Depreciation and Amortization						
Packaging	$13,200	7.1 %	$12,640	7.4 %	$13,330	9.2 %
Energy	2,790	1.7 %	1,960	1.5 %	1,860	1.7 %
Aerospace & Defense	2,580	3.3 %	2,330	3.2 %	2,260	3.0 %
Engineered Components	3,540	2.0 %	2,710	2.4 %	2,200	3.0 %
Cequent Asia Pacific	3,860	4.1 %	2,820	3.7 %	2,590	4.1 %
Cequent North America	12,170	3.2 %	13,110	3.9 %	17,140	5.5 %
Corporate	150	N/A	120	N/A	110	N/A
Total	$38,290	3.5 %	$35,690	4.0 %	$39,490	5.1 %

Results of Operations

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 North America 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 North America 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 North America reportable segments.

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.

28

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.

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.

Table of Contents

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 in 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, MI, Salt Lake City, UT, Edmonton, Canada and Grimsby, UK 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.

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.

Table of Contents

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.

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.

Table of Contents

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 North America. 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 North America's 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.

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 North America's operating profit increased 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.

Table of Contents

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 we committed to a plan to exit the businesses in the third quarter of 2011, our medical device line of business, which was sold in May 2010, our property management line of business, which was sold in April 2010 and our specialty laminates, jacketings and insulation tapes line of business, which was sold in February 2009. Income from discontinued operations, net of income tax expense, was $9.6 million and $6.3 million in 2011 and 2010, respectively. See Note 5, "Discontinued Operations and Assets Held for Sale," to our consolidated financial statements attached herein.

Year Ended December 31, 2010 Compared with Year Ended December 31, 2009

The principal factors impacting us during the year ended December 31, 2010 compared with the year ended December 31, 2009 were:

- the upturn in economic conditions in 2010 compared to the global economic recession in 2009, contributing to increased net sales in all of our reportable segments except for Aerospace & Defense;
- costs incurred and savings realized related to our Profit Improvement Plan initiatives implemented in 2008 and 2009, primarily in our Packaging and Cequent North America reportable segments, and other ongoing productivity initiatives;
- increases in the value of foreign currencies in other countries in which we operate as compared to the U.S. dollar;
- gains on extinguishment of debt in 2009 resulting from the repurchase of our 9 $^{7}/_{8}$% senior subordinated notes at prices below their face value; and
- costs incurred related to the refinancing of our credit facilities and senior notes in December 2009.

Overall, net sales increased approximately $125.4 million, or approximately 16.1%, to $902.5 million in 2010, as compared to $777.1 million in 2009. The main driver of the increased sales levels was the economic upturn experienced in 2010, compared to the economic recession in 2009, where sales levels dropped significantly from historical levels. In addition, we continue to introduce new products and expand into new markets, with the most significant increases in sales from these programs in our Packaging and Energy reportable segments. In addition, net sales were favorably impacted by approximately $9.9 million as a result of currency exchange, as our reported results in U.S. dollars were favorably impacted by stronger foreign currencies relative to the U.S. dollar.

Gross profit margin (gross profit as a percentage of sales) approximated 30.0% and 26.3% in 2010 and 2009, respectively. This 370 basis point improvement year-over-year is primarily due to the operating leverage associated with the higher sales levels and reduced cost structure and realization of savings from our cost reduction and alternate sourcing initiatives that began in the fourth quarter of 2008 as part of our Performance Improvement Plan, with the largest impact experienced in our Packaging, Engineered Components and both Cequent reportable segments.

Table of Contents

Operating profit (loss) margin (operating profit (loss) as a percentage of sales) approximated 12.1% and 6.4% in 2010 and 2009, respectively. Operating profit increased approximately $59.8 million in 2010 as compared to 2009, primarily as a result of higher sales volumes and higher gross profit resulting from savings realized in connection with our Profit Improvement Plan and ongoing productivity initiatives. In addition, during 2009, we recorded charges of $5.3 million related to estimated unrecoverable lease obligations for our former Mosinee, Wisconsin facility and $2.9 million related to fees incurred under an advisory services agreement on our debt refinancing activities that did not recur in 2010. These increases in operating profit were partially offset by increases in selling, general and administrative expenses primarily in support of our growth initiatives and other new product programs.

Interest expense increased approximately $6.7 million to $51.8 million in 2010, as compared to $45.1 million in 2009. The primary drivers of the increase in interest expense were an increase in our weighted average interest rate on variable rate U.S. borrowings to approximately 5.6% during 2010, from approximately 3.9% during 2009, an unfavorable change in the fair value of our interest rate swaps of $1.6 million in 2010 compared to 2009, a $1.2 million increase in commitment fees for unused borrowings under our revolving credit facility, a $1.1 million of aggregate costs incurred under our receivables facility in 2010, which was recorded in other expense, net in 2009, and $0.7 million increased amortization of debt issue costs in 2010 compared to 2009. Partially offsetting this increase in interest rates was a decrease in our weighted-average variable rate U.S. borrowings from approximately $307.8 million in 2009 to approximately $266.7 million in 2010, as we had less need for intra-quarter borrowings due to the level of cash generated from operations. In addition, we recorded approximately $3.1 million lower interest expense related to our senior secured notes in 2010 compared to the interest on our former senior subordinated notes 2009, due primarily to a decrease in our average outstanding balance of approximately $32.0 million during 2010.

Our net gain on extinguishment of debt decreased approximately $18.0 million, as we did not incur any gains or losses on extinguishment of debt during 2010. During 2009, we retired approximately $73.2 million face value of our former senior subordinated notes, resulting in a gross gain of $29.4 million, less $1.1 million in debt extinguishment costs. In addition, we incurred approximately $10.3 million in net debt extinguishment costs in December 2009 related to the refinance of our credit facility and senior notes.

Other expense, net decreased approximately $0.7 million to $1.1 million in 2010, from $1.8 million in 2009. During 2010, we incurred approximately $1.1 million of losses on transactions denominated in foreign currencies. During 2009, we incurred approximately $2.1 million of expenses in connection with the use of our receivables securitization facility and sales of receivables to fund working capital needs and experienced approximately $0.7 million of gains on transactions denominated in foreign currencies. There were no other individually significant amounts incurred or changes in amounts incurred in either 2010 or 2009.

The effective income tax rate for 2010 was 31.0% compared to 39.7% for 2009. In 2010, we reported domestic and foreign pre-tax income of approximately $30.0 million and $26.5 million, respectively. We recorded a $1.3 million tax benefit during 2010 related to decreases in valuation allowances on certain deferred tax assets including state and foreign tax operating loss carryforwards. In 2009, we recorded $1.1 million tax expense associated with deferred tax adjustments for prior years and tax expense of $1.7 million related to increases in valuation allowances on certain deferred tax assets, including a foreign capital loss carryforward and certain state and foreign tax operating loss carryforwards.

Net income from continuing operations increased approximately $26.5 million to income of $38.9 million in 2010, from $12.4 million in 2009, primarily as a result of higher sales levels year-over-year and increased operating profit resulting from savings realized due to our Profit Improvement Plan actions taken in 2008 and 2009. In addition, during 2009, we recorded an $18.0 million gain on debt extinguishment, a $5.3 million charge for estimated unrecoverable lease obligations and a $2.9 million advisory fee charge associated with our debt refinancing activities. The $59.8 million increase in operating profit, less a $6.7 million increase in interest expense, primarily due to higher interest rates year-over-year, less the $18.0 million debt extinguishment gain in 2009 that did not recur in 2010, plus the decrease in other expense, net of $0.7 million, plus the impact of a lower tax rate in 2010 than 2009 due to our mix of foreign versus domestic pre-tax income and other facts, resulted in the increase in net income in 2010 compared to 2009.

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

Packaging. Net sales increased $26.1 million, or approximately 18.0%, to $171.2 million in 2010, as compared to $145.1 million in 2009. Sales of our specialty dispensing products and new product introductions increased by approximately $8.4 million in 2010 compared to 2009, due primarily to increased sales into the personal care markets, pharmaceuticals and the food industries. Sales of our industrial closures, rings and levers increased by approximately $19.0 million in 2010 compared to 2009, primarily as a result of the continued moderate general economic recovery. Despite this recovery, core product sales in 2010 were still approximately 5-15% below historical levels. In addition, sales decreased approximately $1.3 million due to 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.

Table of Contents

Packaging's gross profit increased approximately $17.1 million to $70.1 million, or 40.9% of sales, in 2010, as compared to $52.9 million, or 36.5% of sales, in 2009. Of the increase in gross profit, approximately $9.6 million relates to the increase in sales levels between years, which was partially offset by approximately $0.3 million unfavorable currency exchange. Our gross profit margin increased approximately 440 basis points in 2010 compared to 2009. The most significant drivers of this profitability increase, accounting for more than half of the year-over-year margin percentage increase, were internal labor and overhead-related productivity projects, comprising both lean initiatives and capital spending projects, designed to improve processing, throughput and overall efficiency and increase automation in our manufacturing operations. The other significant reasons for the increase in profit margin year-over-year were a more favorable product sales mix in 2010 than 2009, as medical product sales related to the swine flu epidemic comprised a larger percentage of sales in 2009 and were sold at lower margin rates, and a reduced overall material cost due to alternate sourcing or more efficient usage of certain production materials.

Packaging's selling, general and administrative costs increased approximately $0.8 million to $20.5 million, or 11.9% of sales, in 2010, as compared to $19.6 million, or 13.5% of sales, in 2009. While the spending levels increased slightly in support of our growth initiatives, this segment was able to significantly reduce selling, general and administrative expenses as a percent of sales due to its fixed cost reductions implemented throughout 2009 and into 2010.

Packaging's operating profit increased $15.7 million to $48.7 million, or 28.5% of sales, in 2010, as compared to $33.1 million, or 22.8% of sales, in 2009. The increase in operating profit between years is due primarily to the higher sales levels in 2010 compared to 2009, productivity initiatives and capital spending programs, which have improved processing and throughput, and reduced material, labor and overhead content in our products, and a more favorable product sales mix in 2010 than 2009.

Energy.   Net sales for 2010 increased approximately $17.6 million, or 15.8%, to $129.1 million, as compared to $111.5 million in 2009. Of this increase, approximately $2.8 million relates to sales generated by our new Salt Lake City, UT; Rotterdam, The Netherlands; Edmonton, Canada; and Grimsby, UK branch facilities, $2.6 million relates to the acquisition of South Texas Bolt & Fitting, completed in the fourth quarter of 2010, and $0.6 million relates to currency exchange, as our reported results in U.S. dollars were positively impacted as a result of stronger foreign currencies. The remaining increase is primarily as a result of increased levels of turn-around activity at petrochemical refineries and increased sales demand from the chemical industry, as customers continue to perform maintenance work and new programs deferred from 2009 that require our replacement and specialty gaskets and bolts. We also experienced an increase in our market share of bolts, as certain existing customers have awarded us additional bolt business as they consolidate their supply base.

Gross profit within Energy increased $6.2 million to $36.9 million, or 28.6% of sales, in 2010, as compared to $30.8 million, or 27.6% of sales in 2009. Gross profit increased approximately $4.8 million as a result of the increase in sales levels between years. In addition, the improvement in gross profit margin was the result of successful implementation of productivity and cost reduction activities at the end of 2009 and during 2010, generating realized savings of approximately $2 million to $3 million in 2010, including sourcing and inbound freight initiatives, which were partially offset by incremental air freight costs of approximately $1 million incurred as a result of overseas inventory shortages.

Selling, general and administrative expenses within Energy increased $2.6 million to $22.2 million, or 17.2% of net sales, in 2010, as compared to $19.5 million, or 17.5% of net sales, in 2009, as our spending increased in support of our increased sales levels and in support of our branch growth initiatives. However, this segment was able to lower its spending as a percentage of sales in 2010 compared to 2009 due to its fixed cost reductions implemented during 2009.

Overall, operating profit within Energy increased $3.6 million to $14.7 million, or 11.4% of sales, in 2010, as compared to $11.1 million, or 10.0% of sales, in 2009, due principally to higher sales levels and the successful implementation of productivity and cost reduction activities at the end of 2009 and during 2010, partially offset by incremental air freight costs and higher selling, general and administrative expenses in 2010 supporting our higher sales levels and branch growth initiatives.

Aerospace & Defense. Net sales in 2010 decreased $0.5 million, or approximately 0.7%, to $73.9 million, as compared $74.4 million in 2009. Sales in our aerospace business decreased approximately $5.0 million, primarily due to lower demand from distribution customers as they sold-off their existing inventory during the first half of 2010, which more than offset increases in their purchases during the back half of 2010. In addition, we had a launch order for new products, primarily titanium screws, of approximately $4.4 million during 2009 that did not recur in 2010. Sales in our defense business increased approximately $4.5 million. Revenue primarily associated with managing the relocation and closure of the defense facility of $11.5 million more than offset the fact that we did not sell any cartridge cases and provided less related maintenance in 2010 due to the relocation of the defense facility, as compared to approximately $4.9 million of cartridge case sales with related maintenance activity in 2009, and $2.1 million lower net product sales in 2010 than 2009.

Gross profit within Aerospace & Defense decreased $2.7 million to $27.6 million, or 37.3% of sales, in 2010, from $30.3 million, or 40.7% of sales, in 2009. Gross profit decreased approximately $0.2 million as a result of the decline in sales levels between years. The primary reasons for the decline in gross profit were a less favorable product sales mix in our defense business, as 2010 sales were more heavily weighted to lower margin facility relocation management while 2009 included higher margin cartridge case sales, and lower absorption of fixed costs in our aerospace business as a result of lower production and/or sales levels over which to spread the fixed costs.

Selling, general and administrative expenses increased approximately $1.0 million to $9.5 million, or 12.9% of sales, in 2010, as compared to $8.5 million, or 11.4% of sales, in 2009, due primarily to increased legal fee costs within our defense business.

Overall, operating profit within Aerospace & Defense decreased $3.7 million to $18.1 million, or 24.5% of sales, in 2010, as compared to $21.8 million, or 29.3% of sales, in 2009, primarily due to lower sales levels, an unfavorable product sales mix in our defense business, lower absorption of fixed costs in our aerospace business and increased selling, general and administrative expenses.

Engineered Components. Net sales in 2010 increased approximately $39.9 million, or approximately 54.6%, to $113.0 million, as compared to $73.1 million in 2009. Sales of slow speed and compressor engines and related products increased by approximately $22.8 million, as sales of engines and engine parts increased approximately $17.1 million due to increased drilling activity as compared to 2009. Sales of gas compression products and processing and meter run equipment increased by approximately $5.7 million as we continue to introduce new products to add to our well-site content. Sales in our industrial cylinder business increased $17.1 million. Of this increase, approximately $9.8 million relates to the asset acquisition in the second quarter of 2010 and approximately $2.6 million relates to new product introductions during 2010, primarily related to cellular phone tower and breathing air applications. The remainder of the increase relates to the general economic improvement, which began to impact the cylinder business in the second half of 2010.

Gross profit within Engineered Components increased approximately $11.9 million to $22.6 million, or 20.0% of sales, in 2010, from $10.7 million, or 14.6% of sales, in 2009, as both businesses within this segment improved their gross profit dollars and margin as compared to 2009. Gross profit increased approximately $5.8 million as a result of the increase in sales levels between years. Our gross profit margin increased approximately 540 basis points in 2010 compared to 2009. The most significant drivers of this profitability increase were the productivity and cost reduction efforts implemented in 2009 and early 2010 in response to the economic slowdown in late 2008 and 2009, which the Company is now benefiting from the lower fixed cost structure and efficiencies gained from the productivity initiatives. In addition, this segment experienced low absorption of fixed costs during 2009 due to the historically low sales levels over which to spread such costs. The combination of higher sales levels and lower fixed costs in 2010 based on the aforementioned actions implemented has helped significantly with the increased gross profit margins.

Selling, general and administrative expenses increased approximately $3.0 million to $9.4 million, or 8.3% of sales, in 2010, as compared to $6.5 million, or 8.8% of sales, in 2009. This increase primarily relates to increased costs resulting from the addition of the Huntsville, AL. former Taylor-Wharton facility during 2010 and incremental sales commissions and promotional spending in support of the higher sales levels. Despite these increases, this segment was able to lower selling, general and administrative expenses as a percentage of sales in 2010 compared to 2009, due in part to both cost reduction efforts implemented in 2009 in response to the economic downturn and as a result of the significant increase in sales in 2010 that hasn't required significant additional infrastructure to support.

Operating profit within Engineered Components increased approximately $8.5 million to $12.7 million, or 11.2% of sales, in 2010, as compared to $4.2 million, or 5.7% of sales, in 2009. The increase in operating profit between years is due primarily to higher sales levels year-over-year, productivity and cost reduction efforts implemented in 2009 that have lowered this segment's cost structure and significantly higher absorption of fixed costs in 2010 compared to 2009 due to the lower fixed cost base over which to spread the higher sales levels in 2010. These increases in operating profit were partially offset by higher selling, general and administrative expenses in 2010 than 2009, primarily resulting from the asset acquisition in June 2010 in our industrial cylinders business and generally higher spending levels in support of our increased sales levels.

Cequent Asia Pacific. Net sales increased $12.1 million, or 18.9%, to 76.0 million in 2010, as compared to $63.9 million in 2009. Net sales were favorably impacted by approximately $10.6 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. Excluding the impact of currency exchange, net sales increased approximately $1.5 million, as market share gains within our original equipment and aftermarket customer bases more than offset the significant boost in sales in the back half of 2009 resulting from an Australian government stimulus that was not offered in 2010.

Table of Contents

Cequent Asia Pacific's gross profit increased $6.0 million to $20.5 million, or 26.9% of net sales in 2010, from approximately $14.5 million, or 22.6% of net sales, in 2009. Of this increase, approximately $3.1 million is as a result of favorable currency exchange and $0.3 million is as a result of higher sales levels year-over-year. Our gross profit margin increased approximately 430 basis points in 2010 compared to 2009. The most significant drivers of this profitability increase were increased utilization of our lower-cost manufacturing plant in Thailand and labor and overhead productivity initiatives to automate and streamline operations in our Australian facilities.

Cequent Asia Pacific's selling, general and administrative expenses increased approximately $1.9 million to $8.4 million, or 11.1% of sales in 2010, as compared to $6.5 million, or 10.2% of sales in 2009. Of this increase, approximately $1.5 million is as a result of currency exchange. The remaining $0.4 million increase in spending is primarily in support of our growth initiatives.

Cequent Asia Pacific's operating profit increased approximately $4.1 million to $12.1 million, or 15.9% of sales, in 2010, from an operating loss of $8.0 million, or 12.5% of net sales in 2009. Of this increase, approximately $1.6 million is as a result of favorable currency exchange. The remaining increase in operating profit is as a result of higher sales levels, additional utilization of our lower-cost manufacturing plant in Thailand and our productivity initiatives. These improvements in operating profit were partially offset by higher selling, general and administrative expenses in 2010 in support of our sales growth initiatives.

Cequent North America. Net sales increased approximately $30.3 million, or 9.8%, to $339.3 million in 2010, as compared to $309.0 million in 2009, primarily due to year-over-year increases within our original equipment, aftermarket, retail and industrial channels, all of which were aided by the economic recovery during 2010. Sales to original equipment manufacturers and suppliers increased approximately $10.9 million in 2010 compared to 2009, primarily due to new product launches at three significant customers. Sales within our aftermarket channel increased approximately $8.5 million in 2010 compared to 2009, primarily due to market share gains and new product introductions. Sales in our retail channel increased approximately $6.1 million in 2010 compared to 2009, primarily due to market share gains at certain of our existing customers to whom we now provide additional products. Sales in our industrial channel increased approximately $3.3 million in 2010 compared to 2009, primarily due to higher levels of trailer-builds, mainly within our horse and agriculture customers.

Cequent North America's gross profit increased approximately $28.1 million to $93.4 million, or 27.5% of sales, in 2010, from approximately $65.4 million, or 21.2% of sales, in 2009. Of this increase, approximately $6.4 million is as a result of the higher sales levels in 2010 compared to 2009. Our gross profit margin increased approximately 630 basis points in 2010 compared to 2009. The most significant drivers of this increased profitability were our cost reduction efforts implemented throughout 2009 as a part of our Profit Improvement Plan to resize our business and the fixed cost structure to recent demand levels, to identify alternate lower-cost foreign-sourced suppliers and to implement productivity initiatives to increase manufacturing efficiencies. The largest item within the Profit Improvement plan was the closure of the Mosinee, WI manufacturing facility, which was completed in 2009, for which $6.4 million of costs within gross profit were incurred in 2009 to implement the actions. In addition, in 2009, due to the significant drop in sales levels, this segment had low absorption of fixed costs into its inventory, as the costs could not be cut as quickly as the sales demand fell. In 2010, Cequent North America benefited from limited spending for productivity actions, compared to significant spending in 2009, plus realized much higher profitability as it did not need to significantly increase its cost structure to fulfill the higher sales levels.

Selling, general and administrative expenses increased approximately $2.3 million to $65.5 million, or 19.3% of sales, in 2010, as compared to $63.2 million, or 20.5% of sales, in 2009. Cequent North America incurred approximately $1.6 million of costs associated with implementing the Profit Improvement Plan in 2009, primarily related to severance charges recorded in connection with the closure of the Mosinee, WI facility. The remaining $3.9 million increase in selling, general and administrative expenses, after consideration of the 2009 Profit Improvement Plan charges, primarily result from new sales promotions and other costs previously deferred that support our sales growth initiatives and higher sales levels in 2010.

Cequent North America's operating profit increased by approximately $31.0 million to $27.8 million, or 8.2% of sales, in 2010, from an operating loss of $3.2 million, or (1.0)% of net sales, in 2009. The increased profitability in 2010 is

primarily due to higher sales volumes, the impact realized in 2010 of the Profit Improvement Plan, lower-cost sourcing and productivity project initiatives, for which the cost was incurred in 2009, and the incremental margin earned as this segment did not need to significantly increase its fixed cost structure in order to fulfill the higher sales levels in 2010. In addition, this segment recorded a $5.3 million charge in 2009 related to the estimated net unrecoverable future lease obligations for the Mosinee, Wisconsin manufacturing facility that was closed in 2009.

Table of Contents

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

	Year ended December 31,	
	2010	2009
	(in millions)	
Corporate operating expenses	$10.7	$10.7
Employee costs and related benefits	13.9	11.7
Management fees and expenses	0.1	3.1
Corporate expenses	$24.7	$25.5

Corporate expenses included in our operating profit decreased by approximately $0.8 million to $24.7 million in 2010, from $25.5 million in 2009. In 2009, we incurred approximately $2.9 million of costs associated with the termination of our former chief executive officer and an additional approximately $2.9 million of advisory services fees to Heartland Industrial Partners incurred in connection with our debt refinancing activities. The expected decrease based on the aforementioned two items not recurring in 2010 was mostly offset by an increase in employee costs and related benefits attributed to short and long-term incentive equity and cash compensation expense, primarily resulting from the higher attainment of compensation measures associated with the significant improvement in year-over-year sales and operating performance in 2010 compared to 2009.

Discontinued Operations. The results of discontinued operations consist of our precision tool cutting and specialty fitting lines of business, which was sold in December 2011, our medical device line of business, which was sold in May 2010, our property management line of business, which was sold in April 2010 and our specialty laminates, jacketings and insulation tapes line of business, which was sold in February 2009. Income from discontinued operations, net of income tax benefit, was $6.3 million in 2010, while we incurred a loss from discontinued operations of $12.7 million in 2009. See Note 5, "Discontinued Operations and Assets Held for Sale," to our consolidated financial statements included herein.

Liquidity and Capital Resources

Cash Flows

Cash provided by operating activities in 2011 was approximately $95.8 million, as compared to $95.0 million in 2010. Significant changes in cash flows provided by operating activities and the reasons for such changes are as follows:

- In 2011, the Company generated $109.1 million in cash flows, based on the reported net income of $60.4 million and after considering the effects of non-cash items related to gains and losses on dispositions of property and equipment, depreciation, amortization, compensation and related changes in excess tax benefits, changes in deferred income taxes, debt extinguishment costs and other, net. In 2010, the Company generated $93.8 million based on the reported net income of $45.3 million and after considering the effects of similar non-cash items.
- Increases in accounts receivable resulted in a use of cash of approximately $21.4 million and $17.2 million in 2011 and 2010, respectively. The increase in accounts receivable is due primarily to the increase in year-over-year sales, as our days sales outstanding of receivables remained consistent at approximately 48 days as of December 31, 2011 and 2010.
- We used approximately $16.8 million and $12.8 million of cash in 2011 and 2010, respectively, for investment in our inventories. Inventory levels increased primarily to support the increased sales volumes. In addition, we made additional opportunistic investments in inventory levels in certain of our businesses in order to gain market share, ensuring we would have availability when our competitors experienced inventory shortages. While gross inventory levels are higher in 2011 than in 2010, our days sales of inventory on hand has declined to approximately 89 days in 2011 compared to 96 days in 2010, as we have not needed to make a significant investment in additional inventory in 2011 despite the 20.1% increase in sales year-over-year.
- In 2011, accounts payable and accrued liabilities resulted in a net source of cash of approximately $25.9 million, as compared to $31.7 million in 2010. The change in cash provided by accounts payable and accrued liabilities is primarily a result of the timing of payments made to suppliers, as the days of accounts payable on hand decreased slightly to 74 days in 2011 as compared to 76 days in 2010.

- Prepaid expenses and other assets resulted in a use of cash of approximately $0.9 million and $0.6 million for the years ended December 31, 2011 and 2010, respectively, due primarily to additional investments in manufacturing supplies, spare parts and tooling assets, to support our increased sales levels.

38

Table of Contents

Net cash used for investing activities in 2011 was approximately $25.2 million, as compared to $37.9 million in 2010. During 2011, we paid approximately $31.4 million for business acquisitions, $27.0 million of which was for the acquisition of Innovative Molding within our Packaging reportable segment. We also incurred approximately $32.6 million in capital expenditures in 2011, as we have increased our investment in growth and productivity-related capital projects due to the economic improvements. The cash used for acquisitions and capital expenditures was partially offset by the cash received from the disposition of assets of approximately $38.8 million, $36.4 million of which related to the sale of our precision tool cutting and specialty fittings lines of business. During 2010, we paid approximately $30.8 million for business acquisitions, primarily for the asset acquisition within our Norris Cylinder business and the acquisition of South Texas Bolt & Fitting within our Lamons business. We also invested approximately $21.9 million in capital expenditures. Cash used for acquisitions and capital expenditures in 2010 was partially offset by the sale of our property management line of business, our medical device line of business and other asset dispositions of approximately $14.8 million.

Net cash used by financing activities in 2011 was approximately $28.0 million, as compared to approximately $20.2 million in 2010. During the second quarter of 2011, we paid $15.0 million on our term loan per the excess cash flow sweep provisions of our previous credit agreement. Following this payment, in June 2011, we completed the refinance of our U.S. bank debt, repaying the remaining $233.0 million term loan and borrowing $225.0 million on the new term loan facility. In addition, we paid approximately $6.9 million in fees to complete the refinance of our U.S. bank debt, the subsequent increase to its revolving credit facility and for the amendment of our account receivable facility. During 2010, we decreased amounts outstanding on our revolving credit facilities by approximately $6.1 million as a result of our strong operating cash flows, as we did not require any borrowings on our available revolving credit facilities as of December 31, 2010. In addition, during 2010, we used approximately $14.7 million to pay down senior credit facilities in Australia and the U.S.

Our Debt and Other Commitments

During the second quarter of 2011, we completed the refinance of our U.S. bank debt, entering in to a new credit agreement ("Credit Agreement") consisting of a $225.0 million term loan facility and a $110.0 million revolving credit facility, whereby we were able to reduce interest costs, extend maturities and increase our available liquidity. During the fourth quarter of 2011,we received an additional $15.0 million commitment under the revolving credit facility, increasing our available liquidity. Below is a summary of the key terms under the Credit Agreement as of December 31, 2011:

Instrument	Amount ($ in millions)	Maturity Date	Interest Rate
Credit Agreement			
Term Loan Facility	$ 225.0	6/21/2017	LIBOR plus 3.00% with a 1.25% LIBOR floor
Revolving Credit Facility	$ 125.0	6/21/2016	LIBOR plus 3.25%

The Credit Agreement also provides for incremental term loan facility commitments, not to exceed $200.0 million. Under the Credit Agreement, we are also able to issue unsecured indebtedness in connection with permitted acquisitions, as defined, as long as we, on a proforma basis, after giving effect to such acquisition, are in compliance with all applicable financial covenants, as defined.

Under the Credit Agreement, if, prior to June 22, 2012, we prepay our term loan ($225.0 million) using a new term loan facility with lower interest rate margins, then we will be required to pay a 1% premium of the aggregate principal amount prepaid. In addition, we may be required to prepay a portion of our term loan pursuant to an excess cash flow sweep provision, as defined, with the amount of such prepayment based on our leverage ratio, as defined. For 2011, we are required to prepay $5.0 million of the term loan under this provision, with such amount included in current maturities of long-term debt in our consolidated balance sheet. In April 2011, we prepaid $15.0 million of term loan principal under the excess cash flow sweep 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

our credit agreement's financial covenants. Our Credit Agreement contains negative and affirmative covenants and other requirements affecting us and our subsidiaries, including among others: restrictions on incurrence of debt (except for permitted acquisitions and subordinated indebtedness), liens, mergers, investments, loans, advances, guarantee obligations, acquisitions, asset dispositions, sale-leaseback transactions, hedging agreements, dividends and other restricted junior payments, stock repurchases, transactions with affiliates, restrictive agreements and amendments to charters, by-laws, and other material documents. The terms of our Credit Agreement require us and our subsidiaries to meet certain restrictive financial covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense coverage ratio (consolidated EBITDA, as defined, over cash interest expense,

Table of Contents

as defined) and a capital expenditures covenant. The most restrictive of these financial covenants are the leverage ratio and interest expense coverage ratio. Our permitted leverage ratio under the Credit Agreement is 4.00 to 1.00 for July 1, 2011 to March 31, 2012, 3.75 to 1.00 for April 1, 2012 to September 30, 2012, 3.50 to 1.00 for October 1, 2012 to June 30, 2013, 3.25 to 1.00 from July 1, 2013 and thereafter. Our actual leverage ratio was 2.67 to 1.00 as of December 31, 2011. Our permitted interest expense coverage ratio under the Credit Agreement is 2.50 to 1.00 for July 1, 2011 to March 31, 2012, 2.75 to 1.00 for April 1, 2012 to December 31, 2012, 3.00 to 1.00 for January 1, 2013 and thereafter. Our actual interest expense coverage ratio was 4.37 to 1.00 as of December 31, 2011. At December 31, 2011, we were in compliance with our financial covenants.

The following is a reconciliation of net income, as reported, which is a GAAP measure of our operating results, to Consolidated Bank EBITDA, as defined in our Credit Agreement, for the year ended December 31, 2011.

	Year ended December 31, 2011 (dollars in thousands)
Net income, as reported	$60,360
Bank stipulated adjustments:	
Interest expense, net (as defined)	44,480
Income tax expense[(1)]	33,980
Depreciation and amortization	40,470
Non-cash expenses related to stock option grants[(2)]	3,510
Other non-cash expenses or losses	3,850
Non-recurring fees and expenses in connection with acquisition integration[(3)]	350
Debt extinguishment costs[(4)]	3,970
Non-recurring expenses or costs for cost saving projects	220
Negative EBITDA from discontinued operations [(5)]	1,840
Permitted dispositions[(6)]	(18,630)
Permitted acquisitions[(7)]	1,980
Consolidated Bank EBITDA, as defined	$176,380

	December 31, 2011 (dollars in thousands)
Total Consolidated Indebtedness, as defined[(8)]	$470,200
Consolidated Bank EBITDA, as defined	$176,380
Actual leverage ratio	2.67 x
Covenant requirement	4.00 x

	December 31, 2011 (dollars in thousands)
Interest expense, as reported	$44,480
Interest income	(420)
Non-cash amounts attributable to amortization of financing costs	(2,910)
Pro forma adjustment for acquisitions and dispositions	(770)
Total Consolidated Cash Interest Expense, as defined	$40,380

Table of Contents

	December 31, 2011 (dollars in thousands)	
Consolidated Bank EBITDA, as defined	$ 176,380	
Total Consolidated Cash Interest Expense, as defined	40,380	
Actual interest expense ratio	4.37	x
Covenant requirement	2.50	x

(1) Amount includes tax expense associated with discontinued operations.
(2) Non-cash expenses resulting from the grant of restricted shares of common stock and common stock options.
(3) Non-recurring costs and expenses arising from the integration of any business acquired not to exceed $25,000,000 in the aggregate.
(4) Costs incurred with refinancing our credit facilities.
(5) Not to exceed $10,000,000 in any fiscal year.
(6) EBITDA from permitted dispositions, as defined.
(7) EBITDA from permitted acquisitions, as defined.
(8) Includes $0.3 million of acquisition deferred purchase price.

In addition to our U.S. bank debt, in Australia, we are a party to a debt agreement which matures on March 31, 2012 and is secured by substantially all the assets of the subsidiary. At December 31, 2011 and 2010, the Company's subsidiary had no amounts outstanding under this debt agreement. 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, 2011. In 2010, we were also a party to revolving debt agreement with a bank in the United Kingdom, which during the fourth quarter of 2010, we paid-in-full and closed.

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 third quarter of 2011, increasing the committed funding from $75.0 million to $90.0 million, and reducing the margin on amounts outstanding from a range of 2.75%-3.50%, depending on leverage ratio, to a range of 1.50%-1.75% depending on the amount drawn under the facility. The amendment also reduced the cost of the unused portion of the facility from a range of 0.50%-1.00%, depending on usage amount, to 0.45% and extended the maturity date from December 29, 2012 to September 15, 2015. We incurred approximately $0.1 million in fees and expenses to complete the amendment. We did not have any amounts outstanding under the facility as of December 31, 2011 or December 31, 2010, but had $57.6 million and $41.4 million, respectively, available but not utilized.

We had no amounts outstanding under our revolving credit facilities at December 31, 2011 and December 31, 2010, but had $101.1 million and $79.3 million, respectively, potentially available after giving effect to approximately $23.9 million and $23.7 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 Credit Agreement, we had $158.8 million and $120.7 million, respectively, of borrowing capacity available for general corporate purposes.

Our available revolving credit capacity under the Credit Agreement, after consideration of approximately $23.7 million in letters of credit outstanding related thereto, is approximately $101.1 million, while our available liquidity under our accounts receivable facility ranges from $40 million to $75 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. Our weighted average daily amounts

outstanding under the revolving credit facilities and accounts receivable facilities during 2011 approximated $58.0 million, compared to the weighted average daily amounts outstanding during 2010 of $31.2 million. The increase in average daily amounts outstanding was primarily due to an increase in working capital to fund the higher sales levels, an increase in capital investment in our businesses to improve productivity and efficiencies and incremental

spending in support of our growth initiatives. During 2011, we used approximately $11.4 million more cash on capital investment into our businesses as compared to 2010. Generally, 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 North America. Sales of towing and trailering products within this segment are generally stronger in the second and third quarters, as original equipment manufacturers (OEMs), 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 2011 compared to the first half 2011, primarily as the cash paid for the Innovative Molding acquisition and incremental capital expenditure projects more than offset the cash generated via working capital reductions for the second half of the year. 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.

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 $158.8 million at December 31, 2011, 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.

We are subject to variable interest rates on our term loan and revolving credit facility. At December 31, 2011, 1-Month LIBOR approximated 0.28%. Based on our variable rate-based borrowings outstanding at December 31, 2011, and after consideration of the 1.25% LIBOR-floor, a 1% increase in the per annum interest rate would increase our interest expense by approximately $0.1 million annually.

Principal payments required under our Credit Agreement term loan are: $5.0 million within 95 days of December 31, 2011, or earlier, as defined in the Credit Agreement, under the aforementioned excess cash flow sweep provision, $0.6 million due each calendar quarter through March 31, 2017, and $207.1 million due on June 21, 2017.

We also have $250.0 million (face value) 9^3/4% senior secured notes ("Senior Notes") outstanding at December 31, 2011, due 2017. Interest on the Senior Notes accrues at the rate of 9.75% per annum and is payable semi-annually in arrears on June 15 and December 15.

Prior to December 15, 2012, the Company may redeem 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 addition to our long-term debt, we have other cash commitments related to leases. We account for these lease transactions as operating leases and rent expense for continuing operations related thereto approximated $18.9 million in 2011. 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 61% relate to the facility for the former speciality laminates, jacketings and insulation tapes line of business (which extends through 2024) and 39% 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 do not currently use derivative financial instruments to manage these risks. The functional currencies of our foreign subsidiaries are the local currency in the country of domicile. We manage these operating activities at the local level and revenues and costs are generally denominated in local currencies; however, results of operations and assets and liabilities reported in U.S. dollars will fluctuate with changes in exchange rates between such local currencies and the U.S. dollar.

Table of Contents

Common Stock

We voluntarily transferred our stock exchange listing in the U.S. from The New York Stock Exchange to the NASDAQ Global Market^SM effective August 24, 2009. Effective January 3, 2011, TriMas became eligible for inclusion, and is now listed, in the NASDAQ Global Select Market^SM. Our stock continues to trade 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 loan and Senior Notes. Interest on the term loan is based on LIBOR plus 300 basis points per annum with a 1.25% LIBOR floor, which equaled 4.25% at December 31, 2011; this rate was used to estimate our future interest obligations with respect to the term loan included in the table below.

The following table summarizes our expected fixed cash obligations over various future periods related to these items as of December 31, 2011.

	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	$474,010	$7,290	$4,560	$4,510	$457,650
Lease obligations	127,880	19,590	34,990	26,220	47,080
Benefit obligations	18,400	5,840	5,820	3,320	3,420
Interest obligations:					
Term loan	49,840	9,320	18,250	17,870	4,400
Senior secured notes	145,860	24,380	48,750	48,750	23,980
Total contractual obligations	$815,990	$66,420	$112,370	$100,670	$536,530

As of December 31, 2011, we had a $125.0 million revolving credit facility and a $90.0 million accounts receivable facility. While no amounts were outstanding under these facilities as of December 31, 2011, 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 Credit Agreement, we are required to make a prepayment of our term loan pursuant to an excess cash flow sweep provision, with the amount of such prepayment based on our leverage ratio, as defined in the agreement. Based on 2011 results, we are required to prepay $5.0 million of term loan under this provision in 2012, with such amount included in current maturities of long-term debt in the accompanying consolidated balance sheet and in the above table for long-term debt payments due in less than one year. Based on 2010 results, we were required to prepay $15.0 million of term loan under this provision in 2011.

As of December 31, 2011, we are contingently liable for standby letters of credit totaling $23.9 million issued on our behalf by financial institutions under the Credit Agreement. 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 August 24, 2011, Standard & Poor's upgraded our outlook to positive and affirmed our credit facilities, senior secured notes, and corporate credit ratings of BB, B-, and B+, respectively. On June 3, 2011, Moody's assigned a Ba2 rating to our senior

secured credit facilities, and affirmed our corporate family rating at B1 and our outlook as positive; our ratings on our senior secured notes remained at B3.

43

Table of Contents

Outlook

We entered 2011 cautiously optimistic that, given a continued economic recovery, we would continue to build upon the progress made in the past two years to reduce our cost structure, increase our flexibility and maintain a culture of continuous improvement in all that we do. We believe that our 2011 results continued to build on the positive momentum generated in the past two years, as we benefited from further economic recovery, experienced significant market share gains in many of our reportable segments 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 projects in certain of our businesses to capture additional market share and expand upon our existing growth and productivity initiatives. We also successfully completed strategic acquisitions in our key platforms, adding both synergies as well as product and geographic expansion. We successfully refinanced both our U.S. bank debt and U.S. receivables facility, extending maturity dates and lowering interest rates. While we did experience a less favorable product sales mix within our reportable segments, primarily as a result of significant growth within our businesses with lower historical margins, made strategic pricing decisions to aggressively price certain products to penetrate new markets and to delay commodity cost increases at certain customers to capture additional market share, and increased spending levels to support our growth and acquisition projects, we were able to hold our operating profit margins equal to those in 2010 due to our ongoing cost savings and productivity initiatives. We believe we remain well-positioned to achieve further market share gains and generate additional operating leverage as a result of our low fixed cost structure. We also have the capacity to fulfill yet higher net sales levels without incurring significant incremental fixed costs.

Our priorities remain 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 core products in non-U.S. markets, and continuing to reduce our debt leverage while increasing our available liquidity.

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 $3.8 million and $4.4 million at December 31, 2011 and 2010, 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, 3 to 15 years. Capitalized debt issuance costs are amortized over the underlying terms of the related debt securities. Customer relationship intangibles are amortized over periods ranging from 5 to 25 years, while technology and other intangibles are amortized over periods ranging from 1 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.

Table of Contents

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 the our 2011 goodwill impairment test, we had twelve reporting units within our six reportable segments, five of which had goodwill.

We early adopted Financial Accounting Standards Board ("FASB") revised standard ASU 2011-8, "Intangibles - Goodwill and Other (Topic 350): Testing for Goodwill Impairment," which gives the option to perform a qualitative assessment rather than the previous two-step quantitative assessment. 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 management concludes that further testing is required, the Company would perform a quantitative valuation to estimate the fair value of its reporting units.

For purposes of the indefinite-lived intangible asset impairment test, we utilize the royalty relief method to estimate the fair value of our 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. We compare the estimated fair value to the carrying value. If the carrying value exceeds fair value, an impairment is recorded.

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 fund assets is based upon actual historical returns modified for known changes in the market and any expected change in investment policy. Postretirement benefits are not funded and our policy is to pay these benefits as they become due. Certain accounting guidance, including the guidance applicable to pensions, does not require immediate recognition of the effects of a deviation between actual and assumed experience or the revision of an estimate. This approach allows the favorable and unfavorable effects that fall within an acceptable range to be netted.

Income Taxes. 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 operations 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

Table of Contents

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.

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 11, "Long-term Debt," included in Part II, Item 8, "Notes to Audited Consolidated Financial Statements," within this Form 10-K.

Table of Contents

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, 2011 and 2010, and the related consolidated statements of operations, cash flows, and shareholders' equity for each of the years in the three-year period ended December 31, 2011. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule in the 2011 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 also 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, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, 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, 2011, 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 27, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Detroit, Michigan
February 27, 2012

Table of Contents

TriMas Corporation
Consolidated Balance Sheet
(Dollars in thousands)

	December 31,	
	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	$88,920	$46,370
Receivables, net	135,610	111,380
Inventories	178,030	155,980
Deferred income taxes	18,510	34,500
Prepaid expenses and other current assets	10,620	6,670
Assets of discontinued operations held for sale	—	30,360
Total current assets	431,690	385,260
Property and equipment, net	159,210	149,290
Goodwill	215,360	205,890
Other intangibles, net	155,670	159,910
Other assets	24,610	25,370
Total assets	$986,540	$925,720
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities, long-term debt	$7,290	$17,730
Accounts payable	146,930	124,390
Accrued liabilities	70,140	66,600
Liabilities of discontinued operations	—	5,710
Total current liabilities	224,360	214,430
Long-term debt	462,610	476,920
Deferred income taxes	64,780	65,440
Other long-term liabilities	61,000	56,610
Total liabilities	812,750	813,400
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: 34,613,607 at December 31, 2011 and 34,065,856 shares at December 31, 2010	350	340
Paid-in capital	538,610	531,030
Accumulated deficit	(404,750)	(465,110)
Accumulated other comprehensive income	39,580	46,060
Total shareholders' equity	173,790	112,320
Total liabilities and shareholders' equity	$986,540	$925,720

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

Table of Contents

TriMas Corporation
Consolidated Statement of Operations
(Dollars in thousands, except per share amounts)

	Year ended December 31,		
	2011	2010	2009
Net sales	$1,083,960	$902,460	$777,050
Cost of sales	(766,260)	(631,410)	(572,540)
Gross profit	317,700	271,050	204,510
Selling, general and administrative expenses	(186,520)	(160,190)	(146,420)
Estimated future unrecoverable lease obligations	—	—	(5,250)
Fees incurred under advisory services agreement	—	—	(2,890)
Net gain (loss) on dispositions of property and equipment	140	(1,520)	(450)
Operating profit	131,320	109,340	49,500
Other expense, net:			
Interest expense	(44,480)	(51,830)	(45,100)
Gain (loss) on extinguishment of debt	(3,970)	—	17,990
Other expense, net	(3,130)	(1,080)	(1,770)
Other expense, net	(51,580)	(52,910)	(28,880)
Income from continuing operations before income tax expense	79,740	56,430	20,620
Income tax expense	(28,930)	(17,500)	(8,180)
Income from continuing operations	50,810	38,930	12,440
Income (loss) from discontinued operations, net of income taxes	9,550	6,340	(12,660)
Net income (loss)	$60,360	$45,270	$(220)
Earnings (loss) per share - basic:			
Continuing operations	1.48	1.15	0.37
Discontinued operations	0.28	0.19	(0.38)
Net income (loss) per share	$1.76	$1.34	$(0.01)
Weighted average common shares - basic	34,246,289	33,761,430	33,489,659
Earnings (loss) per share - diluted:			
Continuing operations	1.46	1.13	0.36
Discontinued operations	0.27	0.18	(0.37)
Net income (loss) per share	$1.73	$1.31	$(0.01)
Weighted average common shares - diluted	34,779,693	34,435,245	33,892,170

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

Table of Contents

TriMas Corporation
Consolidated Statement of Cash Flows
(Dollars in thousands)

	Year ended December 31,		
	2011	2010	2009
Cash Flows from Operating Activities:			
Net income (loss)	$60,360	$45,270	$(220)
Adjustments to reconcile net income (loss) to net cash provided by operating activities, net of acquisition impact:			
Impairment of goodwill and indefinite-lived intangible assets	—	—	930
Impairment of property and equipment	—	—	2,340
(Gain) loss on dispositions of businesses and other assets	(10,380)	(8,510)	570
Depreciation	25,940	23,640	29,050
Amortization of intangible assets	14,530	14,100	14,890
Amortization of debt issue costs	2,910	2,960	2,240
Deferred income taxes	12,680	12,500	(5,950)
Non-cash compensation expense	3,510	2,180	580
Excess tax benefits from stock based compensation	(3,980)	(600)	—
(Gain) loss on extinguishment of debt	3,970	—	(24,500)
(Increase) decrease in receivables	(21,420)	(17,190)	14,850
(Increase) decrease in inventories	(16,840)	(12,820)	51,780
(Increase) decrease in prepaid expenses and other assets	(890)	(600)	7,010
Increase (decrease) in accounts payable and accrued liabilities	25,870	31,740	(11,440)
Other, net	(450)	2,290	1,380
Net cash provided by operating activities, net of acquisition impact	95,810	94,960	83,510
Cash Flows from Investing Activities:			
Capital expenditures	(32,620)	(21,900)	(14,060)
Acquisition of businesses, net of cash acquired	(31,390)	(30,760)	—
Net proceeds from disposition of businesses and other assets	38,780	14,810	23,190
Net cash provided by (used for) investing activities	(25,230)	(37,850)	9,130
Cash Flows from Financing Activities:			
Proceeds from borrowings on term loan facilities	269,150	—	—
Repayments of borrowings on term loan facilities	(294,370)	(14,660)	(10,570)
Proceeds from borrowings on revolving credit facilities and accounts receivable facility	659,300	476,310	802,820
Repayments of borrowings on revolving credit facilities and accounts receivable facility	(659,300)	(482,360)	(807,180)
Proceeds on borrowings on senior secured notes	—	—	244,980
Retirement of senior subordinated notes	—	—	(300,390)
Debt refinance fees and expenses	(6,890)	—	(16,730)
Shares surrendered upon vesting of options and restricted stock awards to cover tax obligations	(900)	(240)	—
Proceeds from exercise of stock options	1,000	130	—
Excess tax benefits from stock based compensation	3,980	600	—
Net cash used for financing activities	(28,030)	(20,220)	(87,070)
Cash and Cash Equivalents:			
Increase for the year	42,550	36,890	5,570
At beginning of year	46,370	9,480	3,910

At end of year	$88,920	$46,370	$9,480
Supplemental disclosure of cash flow information:			
Cash paid for interest	$40,550	$45,090	$43,600
Cash paid for income taxes	$15,710	$8,920	$8,200

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

Table of Contents

TriMas Corporation
Consolidated Statement of Shareholders' Equity
Years Ended December 31, 2011, 2010 and 2009
(Dollars in thousands)

	Common Stock	Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2008	$330	$527,000	$(510,160)	$37,730	$54,900
Comprehensive income:					
Net loss	—	—	(220)	—	(220)
Foreign currency translation	—	—	—	7,620	7,620
Defined pension and postretirement pension plans (net of tax of $0.5 million) (Note 16)	—	—	—	(750)	(750)
Amortization of unrealized loss on interest rate swaps (net of tax of $0.6 million) (Note 12)	—	—	—	(940)	(940)
Total comprehensive income					5,710
Reclassification of compensation expense to be paid in restricted shares of common stock (Note 17)	—	790	—	—	790
Non-cash compensation expense	—	580	—	—	580
Balances at December 31, 2009	$330	$528,370	$(510,380)	$43,660	$61,980
Comprehensive income:					
Net income	—	—	45,270	—	45,270
Foreign currency translation	—	—	—	1,690	1,690
Defined pension and postretirement pension plans (net of tax of $0.5 million) (Note 16)	—	—	—	(720)	(720)
Amortization of unrealized loss on interest rate swaps (net of tax of $0.9 million) (Note 12)	—	—	—	1,430	1,430
Total comprehensive income					47,670
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
Comprehensive income:					
Net Income	—	—	60,360	—	60,360
Foreign currency translation	—	—	—	(3,590)	(3,590)
Defined pension and postretirement pension plans (net of tax of $1.7 million) (Note 16)	—	—	—	(3,120)	(3,120)
Amortization of unrealized loss on interest rate swaps (net of tax of $0.1 million) (Note	—	—	—	230	230

12)					
Total comprehensive income					53,880
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

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

51

Table of Contents

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 six reportable segments with diverse products and market channels: Packaging, Energy, Aerospace & Defense, Engineered Components, Cequent Asia Pacific and Cequent North America. See Note 18, "Segment Information," for further information on each of the Company's reportable segments.
2. New Accounting Pronouncements
In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-8, "Intangibles - Goodwill and Other (Topic 350): Testing for Goodwill Impairment" ("ASU 2011-8"). ASU 2011-8 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 a reporting unit is less than its carrying amount, and in some cases, skip the two-step impairment test. The objective of the revised standard is to simplify how an entity tests goodwill for impairment and to reduce the cost and complexity of the annual goodwill impairment test. ASU 2011-8 will be effective for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company early adopted ASU 2011-8 for its annual goodwill impairment test conducted as of October 1, 2011. See Note 3, "Summary of Significant Accounting Policies," and Note 7, "Goodwill and Other Intangible Assets," within this Form 10-K.
In June 2011, the FASB issued ASU 2011-5, "Presentation of Comprehensive Income" ("ASU 2011-5"). ASU 2011-5 amends guidance listed under Accounting Standards Codification ("ASC") Topic 220, "Comprehensive Income," and eliminates the option to present components of other comprehensive income as part of the statement of shareholders' equity. Under the amendments to ASC Topic 220, an entity has the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. While ASU 2011-5 also includes requirements for presentation of reclassification adjustments out of accumulated other comprehensive income, this section was subsequently deferred in December 2011, with the FASB's issuance of ASU 2011-12, "Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05." ASU 2011-5 will be effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of ASU 2011-5 will only affect the presentation of the Company's consolidated financial statements.
In May 2011, the FASB issued ASU 2011-4, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-4"). ASU 2011-4 amends guidance listed under ASC Topic 820, "Fair Value Measurement" and represents the converged guidance of the FASB and the International Accounting Standards Board on fair value measurement. The guidance clarifies how a principal market is determined, addresses the fair value measurement of instruments with offsetting market or counterparty credit risks, addresses the concept of valuation premise and highest and best use, extends the prohibition on blockage factors to all three levels of the fair value hierarchy and requires additional disclosures. ASU 2011-4 will be effective prospectively for interim and annual periods beginning after December 15, 2011. The Company is currently evaluating the requirements of ASU 2011-4 and has not yet determined its impact on the consolidated financial statements.
3. Summary of Significant Accounting Policies
Principles of Consolidation. The accompanying consolidated financial statements include the accounts and transactions of TriMas and its wholly-owned subsidiaries. Significant intercompany transactions have been eliminated.
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 and assets and obligations related to employee benefits. 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 $3.8 million and $4.4 million at December 31, 2011 and 2010, 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.

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 operations. 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, 3 to 15 years. Capitalized debt issuance costs are amortized over the underlying terms of the related debt securities. Customer relationship intangibles are amortized over periods ranging from 5 to 25 years, while technology and other intangibles are amortized over periods ranging from 1 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 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 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 2011 goodwill impairment test, the Company had twelve reporting units within its six reportable segments, five of which had goodwill.

The Company early adopted ASU 2011-8, and performed a one-step ("Step Zero") qualitative assessment for its 2011 annual goodwill impairment test. 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.

In prior years, before the qualitative assessment option issued under ASU 2011-8, 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 weights 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.

For purposes of the indefinite-lived intangible asset impairment test, management utilizes 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. Management then compares 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.

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.

Table of Contents

Shipping and Handling Expenses. Freight costs are included in cost of sales and shipping and handling expenses, including those of Cequent North America's distribution network, are included in selling, general and administrative expenses in the accompanying statement of operations. Shipping and handling costs were $4.1 million, $4.0 million and $3.0 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Advertising and Sales Promotion Costs. Advertising and sales promotion costs are expensed as incurred. Advertising costs were approximately $7.6 million, $5.9 million and $4.7 million for the years ended December 31, 2011, 2010 and 2009, respectively, and are included in selling, general and administrative expenses in the accompanying statement of operations.

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 gains (losses) were approximately $(1.2) million, $(1.1) million and $0.7 million for the years ended December 31, 2011, 2010 and 2009, respectively, and are included in other expense, net in the accompanying statement of operations. 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 12, "Derivative Instruments," for further information on the Company's financial instruments.

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.

Table of Contents
TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 term loan traded at 99.0% and 100.3% of par value as of December 31, 2011 and 2010, respectively. The Company's senior secured notes traded at approximately 108.5% of par value as of December 31, 2011 and 2010, respectively. The valuation of the term loan and senior secured notes was 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 130,314, 118,841 and 64,882 restricted shares for the years ended December 31, 2011, 2010 and 2009, respectively. Options to purchase 1,271,149, 1,742,086, and 1,839,344 shares of common stock were outstanding at December 31, 2011, 2010 and 2009, respectively. The calculation of diluted earnings per share included 403,090, 554,974 and 337,629 options to purchase shares of common stock for the years ended December 31, 2011, 2010, and 2009, respectively.

Stock-based Compensation. The Company recognizes compensation expense related to equity awards based on their fair values as of the grant date.

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:

	2011	2010
	(dollars in thousands)	
Foreign currency translation adjustments	$49,450	$53,040
Unrecognized prior service cost and unrecognized loss in actuarial assumptions	(9,870)	(6,750)
Unrealized loss on derivatives	—	(230)
Accumulated other comprehensive income	$39,580	$46,060

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

4. Acquisitions

On October 1, 2011, the Company acquired the stock of BTM Manufacturing Limited ("BTM") for the purchase price of $2.6 million, net of cash acquired. BTM is a motor vehicle accessory manufacturer and distributor in South Africa. BTM is included in the Company's Cequent Asia Pacific reportable segment.

On September 13, 2011, 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, of which approximately $1.8 million has been paid and approximately $0.3 million is scheduled to be paid by the end of the second quarter of 2012. These assets have been integrated into the Company's Lamons business within the Company's Energy reportable segment.

On August 1, 2011, the Company acquired the stock of Innovative Molding ("Innovative") for the purchase price of $27.0 million. The purchase price remains subject to the finalization of a net working capital adjustment, if any, which is expected to be completed during the first quarter of 2012. Innovative is in the business of designing, lining and manufacturing specialty plastic closures for bottles and jars for the food and nutrition industries, and had approximately $28.3 million in revenue in the twelve months ended May 31, 2011. Innovative is included in the Company's Packaging reportable segment.

On November 1, 2010, the Company acquired the stock of South Texas Bolt & Fitting, Inc. ("STBF") for the purchase price of $18.0 million, net of cash acquired. STBF is a diversified manufacturer and distributor of various types of stud bolts, industrial fasteners and specialty products to the oil field and industrial markets, and had approximately $14.5 million in revenue during the twelve months ended June 30, 2010. STBF has been integrated into the

Company's Lamons business within the Energy reportable segment.

Table of Contents
TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On June 8, 2010, the Company's Norris Cylinder subsidiary, included in the Company's 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 assets purchased generated approximately $17 million in revenue during 2009. 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 results of operations for the year ended December 31, 2010.

The assets acquired, liabilities assumed and results of operations of the aforementioned acquisitions are not significant compared to the overall assets, liabilities and results of operations of the Company.

5. Discontinued Operations and Assets Held for Sale

During the third quarter of 2011, the Company committed to a plan to exit its precision tool cutting and specialty fittings lines of business, both of which were part of the Engineered Components reportable segment. The businesses were sold in December 2011 for cash proceeds of $36.4 million and a note receivable of $2.2 million, due in 2012, which resulted in a pre-tax gain on sale of approximately $10.3 million. The sale price remains subject to the finalization of a net working capital adjustment, if any, which is expected to be completed during the first quarter of 2012. 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.

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 Company recognized an impairment charge of approximately $3.3 million in the fourth quarter of 2009, primarily to write-down the value of its property and equipment and customer relationship intangible assets to their estimated fair values. The Company also recorded a charge of approximately $0.4 million in the fourth quarter of 2009 related to severance benefits for approximately 40 employees to be involuntarily terminated as a result of this action. The business was sold in May 2010 for cash proceeds of $2.0 million, which approximated the 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, for cash proceeds of $21.0 million, which approximated the net book value of the assets sold. The Company's manufacturing facility is subject to a lease agreement expiring in 2024 that was not assumed by the purchaser of the business. During first quarter 2009, upon the cease use date of the facility, the Company recorded a pre-tax charge of approximately $10.7 million for future lease obligations on the facility, net of estimated sublease recoveries. During the fourth quarters of 2011 and 2010, the Company re-evaluated its estimate of unrecoverable future obligations 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.

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,		
	2011	2010	2009
	(dollars in thousands)		
Net sales	$45,480	$40,850	$40,100
Income (loss) from discontinued operations, before income taxes	$14,600	$10,290	$(21,360)
Income tax (expense) benefit	(5,050)	(3,950)	8,700
Income (loss) from discontinued operations, net of income taxes	$9,550	$6,340	$(12,660)

Table of Contents
TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	December 31, 2011	December 31, 2010
	(dollars in thousands)	
Receivables, net	$—	$5,660
Inventories	—	5,320
Prepaid expenses and other assets	—	1,160
Property and equipment, net	—	18,220
Total assets	$—	$30,360
Accounts payable	$—	$3,910
Accrued liabilities and other	—	1,800
Total liabilities	$—	$5,710

6. Facility Closures

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. In connection with this action, the Company recorded a charge, primarily related to cash costs for severance benefits for approximately 40 employees to be involuntarily terminated as part of the closure, within its Cequent North America 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 operations. The Company also expects to incur pre-tax non-cash charges of approximately $0.4 million during the first three quarters of 2012 related to accelerated depreciation expense as a result of shortening the expected useful lives on certain machinery and equipment assets that the Company will no longer utilize following the closure. The Company recorded approximately $0.1 million of accelerated depreciation expense for the machinery and equipment during the fourth quarter of 2011 (see Note 9).

The Company's manufacturing facility in Tekonsha is subject to a lease agreement expiring in 2018. 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.

Mosinee, Wisconsin facility

In March 2009, the Company announced plans to close its manufacturing facility in Mosinee, Wisconsin, moving production and distribution functions to lower-cost manufacturing facilities or to third-party sourcing partners. The Company completed the move and ceased operations in Mosinee in 2009. During the fourth quarter of 2009, upon the cease use date of the facility, the Company recorded a pre-tax charge within its Cequent North America reportable segment of approximately $5.3 million for future lease obligations on the facility, net of estimated lease recoveries. During 2009, the Company recorded charges of approximately $1.8 million, primarily related to cash costs for severance benefits for approximately 160 employees to be involuntarily terminated as part of the closure. The Company fully paid all severance benefits during 2009 and 2010.

In addition, the Company recorded approximately $2.6 million of accelerated depreciation expense in 2009 as a result of shortening the expected useful lives on certain machinery and equipment assets that the Company no longer utilized following the facility closure (see Note 9).

Table of Contents
TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Goodwill and Other Intangible Assets
The Company conducted its annual goodwill and indefinite-lived intangible asset impairment tests as of October 1, 2011. For purposes of the goodwill test, the Company early adopted ASU 2011-8 and 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 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 that the fair value of a reporting unit is less than its carrying amount; therefore, the Company determined that Steps I and II are not required for the 2011 goodwill impairment test. For purposes of the indefinite-lived intangible asset impairment test, the Company applied the royalty relief method to estimate the fair value of the indefinite-lived intangible assets. Upon completion of its annual indefinite-lived intangible asset impairment test, the Company determined that each of its indefinite-lived intangible assets had a fair value in excess of its carrying value.
For purposes of the Company's 2010 and 2009 goodwill impairment tests, 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 tests in 2010 and 2009, the Company determined that each of its reporting units with recorded goodwill passed the Step I impairment tests, with the estimated fair value of each of these reporting units exceeding the carrying value by more than 30% and 20%, respectively. 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. For purposes of the 2010 and 2009 indefinite-lived intangible asset impairment tests, the Company utilized the Income Approach used in the goodwill impairment test and applied the royalty relief method to estimate the fair value of the indefinite-lived intangible assets. Upon completion of its annual indefinite-lived intangible asset impairment tests in 2010 and 2009, the Company determined that each of its indefinite-lived intangible assets had a fair value in excess of its carrying value.
Changes in the carrying amount of goodwill for the years ended December 31, 2011 and 2010 are as follows:

	Packaging	Energy	Aerospace & Defense	Engineered Components	Cequent Asia Pacific	Cequent North America	Total
	(dollars in thousands)						
Balance, December 31, 2009	$ 115,460	$ 36,560	$ 41,130	$ 3,180	$ —	$ —	$ 196,330
Goodwill from acquisitions	—	11,400	—	—	—	—	11,400
Foreign currency translation and other	(2,140)	300	—	—	—	—	(1,840)
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

Table of Contents
TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The gross carrying amounts and accumulated amortization of the Company's other intangibles as of December 31, 2011 and 2010 are summarized below. The Company amortizes these assets over periods ranging from 1 to 30 years.

Intangible Category by Useful Life	As of December 31, 2011		As of December 31, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(dollars in thousands)			
Customer relationships:				
5 - 12 years	$37,400	$(23,410)	$32,220	$(20,650)
15 - 25 years	154,610	(77,730)	154,610	(69,480)
Total customer relationships	192,010	(101,140)	186,830	(90,130)
Technology and other:				
1 - 15 years	29,360	(23,710)	26,480	(22,460)
17 - 30 years	43,640	(20,860)	42,460	(18,690)
Total technology and other	73,000	(44,570)	68,940	(41,150)
Trademark/Trade names (indefinite life)	36,370	—	35,420	—
	$301,380	$(145,710)	$291,190	$(131,280)

Amortization expense related to technology and other intangibles was approximately $3.5 million, $3.6 million, and $4.2 million for the years ended December 31, 2011, 2010 and 2009, respectively, and is included in cost of sales in the accompanying statement of operations. Amortization expense related to customer intangibles was approximately $11.0 million for the year ended December 31, 2011 and $10.5 million for each of the years ended December 31, 2010 and 2009, respectively, and is included in selling, general and administrative expenses in the accompanying statement of operations.

Estimated amortization expense for the next five fiscal years beginning after December 31, 2011 is as follows: 2012—$14.9 million, 2013— $13.1 million, 2014 - $13.0 million , 2015—$12.9 million, and 2016 - $12.5 million.

8. Inventories

Inventories consist of the following components:

	December 31, 2011	December 31, 2010
	(dollars in thousands)	
Finished goods	$119,020	$103,560
Work in process	21,730	19,010
Raw materials	37,280	33,410
Total inventories	$178,030	$155,980

Table of Contents
TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Property and Equipment, Net

Property and equipment consists of the following components:

	December 31, 2011	December 31, 2010
	(dollars in thousands)	
Land and land improvements	$5,740	$5,800
Buildings	51,480	49,230
Machinery and equipment	291,960	264,120
	349,180	319,150
Less: Accumulated depreciation	189,970	169,860
Property and equipment, net	$159,210	$149,290

Depreciation expense was approximately $23.8 million, $21.6 million and $24.7 million for each of the years ended December 31, 2011, 2010 and 2009, respectively, of which $20.8 million, $19.0 million and $21.9 million, respectively, is included in cost of sales in the accompanying consolidated statement of operations, and $3.0 million, $2.6 million and $2.8 million, respectively, is included in selling, general and administrative expenses in the accompanying consolidated statement of operations.

In 2011 and 2009, in connection with facility closures (see Note 6), the Company recorded accelerated depreciation expense of approximately $0.1 million and $2.6 million, respectively, which is included in the $20.8 million and $21.9 million, respectively, of depreciation expense recorded in cost of sales.

10. Accrued Liabilities

	December 31, 2011	December 31, 2010
	(dollars in thousands)	
Self-insurance	$10,650	$10,650
Wages and bonus	21,220	20,610
Other	38,270	35,340
Total accrued liabilities	$70,140	$66,600

11. Long-term Debt

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

	December 31, 2011	December 31, 2010
	(dollars in thousands)	
U.S. bank debt	$223,870	$248,950
Non-U.S. bank debt and other	140	290
9 $^{3}/_{4}$% senior secured notes, due December 2017	245,890	245,410
	469,900	494,650
Less: Current maturities, long-term debt	7,290	17,730
Long-term debt	$462,610	$476,920

Table of Contents
TRIMAS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. Bank Debt
During the second quarter of 2011, the Company completed the refinance of its U.S. bank debt, entering into a new credit agreement ("Credit Agreement") consisting of a $225.0 million term loan facility and a $110.0 million revolving credit facility, whereby the Company was able to reduce interest costs, extend maturities and increase its available liquidity. During the fourth quarter of 2011, the Company received an additional $15.0 million commitment under the revolving credit facility, increasing its available liquidity. Below is a summary of the key terms under the Credit Agreement as of December 31, 2011:

Instrument	Amount ($ in millions)