

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

**Amendment No. 3 to  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**TRIMAS CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**3452**  
(Primary Standard Industrial  
Classification Code Number)

**38-2687639**  
(I.R.S. Employer  
Identification Number)

**39400 Woodward Avenue, Suite 130  
Bloomfield Hills, Michigan 48304  
(248) 631-5450**

(Address, including ZIP Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**William A. Fullmer, Esq.  
General Counsel  
TriMas Corporation  
39400 Woodward Avenue, Suite 130  
Bloomfield Hills, Michigan 48304  
(248) 631-5450**

(Name, Address, Including ZIP Code, and Telephone Number, Including Area Code, of Agent For Service)

with a copy to:

**Jonathan A. Schaffzin, Esq.  
Luis R. Penalver, Esq.  
Cahill Gordon & Reindel LLP  
80 Pine Street  
New York, New York 10005  
(212) 701-3000**

**Gregory A. Ezring, Esq.  
Latham & Watkins LLP  
885 Third Avenue  
Suite 1000  
New York, New York 10022  
(212) 906-1200**

**Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Common Stock, par value \$0.01 per share	\$ 230,000,000	(3)
Associated junior participating preferred stock	—	(4)

(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

(2) Calculated pursuant to Rule 457(o) of the Securities Act.

(3) \$29,141 was previously paid on March 24, 2004.

(4) No additional fee required.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to Completion. Preliminary Prospectus dated June 29, 2004.**

**PROSPECTUS**

Shares



# TriMas Corporation

## Common Stock

This is our initial public offering. We are selling \_\_\_\_\_ shares and the selling stockholder identified in this prospectus is selling \_\_\_\_\_ shares. We will not receive any of the proceeds from the shares being sold by the selling stockholder.

We expect the public offering price to be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share. Since January 1998, there has been no public market for the common stock. We are applying to have our common stock approved for listing on the New York Stock Exchange under the symbol "TRS."

**Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 11 of this prospectus.**

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to TriMas	\$	\$
Proceeds to selling stockholder	\$	\$

The underwriters will have an option for a period of 30 days to purchase up to \_\_\_\_\_ additional shares of TriMas Corporation common stock from the selling stockholder on the same terms and conditions set forth above to cover overallocments, if any.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The shares will be ready for delivery on or about \_\_\_\_\_, 2004.

**Goldman, Sachs & Co.**

**Merrill Lynch & Co.**

The date of this prospectus is \_\_\_\_\_, 2004.

### TABLE OF CONTENTS

	<u>Page</u>
Prospectus Summary	1
Risk Factors	11
Forward-looking Information	20
Use of Proceeds	21
Dividend Policy	21
Capitalization	22
Dilution	23
Unaudited Pro Forma Financial Information	24
Selected Historical Financial Data	30
Management's Discussion and Analysis of Financial Condition and Results of Operations	32
Business	54
Management	72
Principal Stockholder and Selling Stockholder	82
Related Party Transactions	84
Description of Our Debt	89
Description of Capital Stock	94
Shares Eligible for Future Sale	99
Important United States Federal Tax Considerations for Non-United States Holders	101
Underwriting	103
Legal Matters	106
Experts	106
Where You Can Find More Information	106
Index to Financial Statements	F-1

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

## MARKET AND INDUSTRY DATA

Due to the variety of our products and the niche markets that we serve, there are few published independent sources for data related to the markets for many of our products, particularly within our Industrial Specialties and Fastening Systems segments. To the extent we are able to obtain or derive data from independent sources, we have done so. To the extent we have been unable to do so, we have expressed our belief on the basis of our own internal analyses and estimates of our and our competitors' products and capabilities. Industry publications and surveys and forecasts that we have utilized generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying assumptions or basis for any such information. In general, when we say we are a "leader" or a "leading" manufacturer or make similar statements about ourselves, we are expressing our belief that we formulated principally from our estimates and experiences in, and knowledge of, the markets in which we compete. In some cases, we possess independent data to support our position, but that data may not be sufficient in isolation for us to reach the conclusions that we have reached without our knowledge of our markets and businesses.

i

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## PROSPECTUS SUMMARY

*This summary highlights the material information contained elsewhere in this prospectus. You should read this entire prospectus carefully, including "Risk Factors" and our financial statements and the notes to those financial statements included elsewhere in this prospectus. Unless the context otherwise requires, all information in this prospectus which refers to "we," "our" or "us" refers to TriMas Corporation and its subsidiaries. For purposes of this prospectus, when we describe information on a pro forma basis, we are giving effect only to those adjustments set forth under "Unaudited Pro Forma Financial Information."*

### The Company

We are a manufacturer of highly engineered products serving niche markets in a diverse range of commercial, industrial and consumer applications. While serving diverse markets, most of our businesses share important characteristics, including leading market shares, strong brand names, established distribution networks, high operating margins, relatively low capital investment requirements, new product growth opportunities and strategic acquisition opportunities. We estimate that approximately 66% of our 2003 net sales were in markets in which we enjoy the number one or number two market position within the respective product category. In addition, we believe that, in many of our businesses, we are one of only two or three manufacturers in the geographic markets where we currently compete.

Our diverse product portfolio serves a wide range of customers and end-markets, reducing our dependence on any one product, customer, distribution channel, geographic region or industry segment. In general, our products are highly engineered and we work directly with many of our customers to design products that meet their specific needs. Our businesses are organized into four operating segments: Rieke Packaging Systems, Cequent Transportation Accessories, Industrial Specialties and Fastening Systems.

- **Rieke Packaging Systems.** Rieke is a leading designer and manufacturer of specialty, highly engineered closures and dispensing systems for a range of niche end-markets, including steel and plastic industrial and consumer packaging applications. We believe that Rieke 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. Rieke Packaging Systems' brand names include Rieke®, TOV®, Englass™ and Stolz™. We believe that Rieke's market position is the result of proprietary engineering and manufacturing technologies, patent protections and strong customer relationships. Approximately 50% of Rieke's 2003 net sales and 70% of Rieke's operating profit relate to products utilizing its patented processes or technology. We believe that Rieke has significant opportunities to introduce its industrial design technologies to a range of consumer products and pharmaceutical applications.
- **Cequent Transportation Accessories.** Cequent is a leading designer, manufacturer, marketer and distributor of a wide range of accessories and cargo management products used to outfit and accessorize light trucks, sport utility vehicles, or SUV's, recreational vehicles, passenger cars and trailers for commercial and recreational use. Cequent's products include towing and hitch systems, trailer components, electrical products, brake systems, cargo racks, and additional towing and trailering components and accessories. Cequent owns and benefits from strong brand names, including Draw-Tite®, Reese®, Hidden Hitch®, Tekonsha®, Fulton®, Wesbar®, Bulldog®, Bargman®, Hayman-Reese™ and ROLA™. Cequent is also a leading supplier of cargo management and vehicle protection products sold under trade names such as Highland The Pro's Brand®. We believe Cequent's competitive strengths, relative to others in the fragmented industry in which it operates, include products with leading market positions, strong brand names, a diverse product portfolio, multiple distribution channels, and a vertically integrated manufacturing capability. Cequent is pursuing growth through new

1

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product introductions, selling products across distribution channels, or cross-selling, providing bundled cargo management solutions and organic and acquisition cost savings opportunities.

- **Industrial Specialties.** Our Industrial Specialties segment companies design and manufacture a range of products, including cylinders, flame-retardant facings and jacketings, specialty tape products, industrial gaskets, precision tools, specialty industrial engines, military shell casings and other products for use primarily in niche industrial end-markets, including the construction, commercial, energy, medical and defense markets. Our companies and brands include Compac™ Corporation, Lamons® Gasket, Norris Cylinder, Arrow® Engine, NI Industries and Precision Tool Company which sells products under the Keo® Cutters, Richards Micro-Tool and Reska brands. Each of the companies within this diversified segment supplies highly engineered and customer-specific products, provides value-added design and other services and serves niche markets supplied by a limited number of companies. We believe our Industrial Specialties segment has opportunities to make strategic acquisitions, expand its product and customer portfolio and generate savings from the recent rationalization of certain operations.
- **Fastening Systems.** Our Fastening Systems segment companies manufacture a wide range of engineered fasteners utilized by thousands of end-users in diverse markets such as agricultural,

construction and transportation equipment and fabricated metal products, commercial and industrial maintenance and aerospace. We operate two lines of business in Fastening Systems. They are Lake Erie Products, which produces a variety of products and is a leading manufacturer of large diameter bolts, and Monogram Aerospace Fasteners, which is a leader in the development of blind bolt fasteners for the aerospace industry. We believe this segment has opportunities to grow through new product introductions in our Monogram Aerospace business and improving general economic activity, and as a result of recent restructuring activities at Lake Erie Products.

### Growth Strategies

Guided by our experienced senior management team and a disciplined operating approach, our business segments intend to pursue the following profitable growth strategies:

- **Develop New Products.** We believe that we have a successful history of developing innovative products by working closely with our customers to identify new applications and opportunities. We have a significant number of pending new product initiatives. At Rieke, we are aggressively launching new consumer packaging and dispensing products. At Cequent, we have developed new trailer brake systems and have patents pending on products called Signature Series™ fifth wheel and slider (which are customized hitch systems for light trucks). We continue to introduce a range of other accessories and products to expand our cargo management product portfolio. Our Industrial Specialties segment is launching several new products, including a new asphalt coated specialty tape product, new lines of spare parts for industrial engines and a lightweight, high volume acetylene cylinder for trailer applications.
- **Pursue Strategic Niche Acquisitions on a Disciplined Basis.** We have completed and integrated over 30 acquisitions since 1986, including seven since June 2002. Our acquisition strategy targets companies with engineered products and strong market positions and, in our opinion, sustainable and predictable organic growth prospects. We will continue to seek attractive acquisition candidates that we believe will supplement existing product lines, add new distribution channels, provide new cost-effective technologies, expand our geographic coverage and/or enable us to absorb overhead costs more efficiently. As a result of generally operating in fragmented niche markets, we believe that we are often able to buy companies at attractive valuations and quickly realize acquisition-related cost savings through consolidation and rationalization. As an example, during 2003, Cequent acquired

2

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HammerBlow Acquisition Corp. and Highland Group Corporation to enhance our distribution channel presence and product lines. We believe this has provided opportunities for product bundling, cross-selling and cost reduction from plant consolidation, distribution and overhead rationalization. Many of these benefits will be realized during 2004 and 2005.

- **Capitalize on Economic Recovery.** Several of our businesses sell into industrial end-markets that experienced cyclical volume declines during 2001, 2002 and 2003 as a result of general economic conditions, as well as a sharp liquidation of industrial inventories at times. In response, during 2001, 2002 and 2003, we invested approximately \$21.3 million in initiatives (exclusive of acquisition integration initiatives) to reduce costs and position ourselves for strong performance upon the recovery of end-market volumes. While we believe that our cost reduction initiatives have positioned us to experience further margin improvement in these end-markets if volumes increase, we will continue to focus on cost reductions and controls.
- **Take Advantage of Economies of Scale.** To the extent we grow, we expect to have new opportunities to improve supply base management, increase internal sourcing and purchasing of materials, and selectively out-source support functions on a cost effective basis, such as risk management, logistics and freight management. We also anticipate further opportunities to leverage our administrative and overhead functions.
- **Capitalize on Favorable Operating Margins.** Many of our businesses feature relatively high operating margins with relatively low capital expenditure and working capital requirements. As a result, we generate cash that is available for investment in initiatives that target high returns, attractive niche acquisitions or debt reduction. To the extent we reduce our debt, we believe that we will have an opportunity to increase our earnings beyond our organic and acquisition growth.
- **Emphasize Continuous Improvement.** We believe that we have a company-wide culture that continuously seeks to improve product quality, customer service, manufacturing productivity and cost reduction initiatives. Our management implements a range of world class operating practices across our companies, including process re-engineering, lean manufacturing, global sourcing and total quality management. We also seek to identify and develop "best practices" within our individual businesses and to implement such practices on a company-wide basis.

### Risk Related to Our Growth Strategies

You should also consider the many risks we face that could mitigate our competitive strengths and limit our ability to implement our business strategies, including that:

- in the past, we have grown through acquisitions and we may be unable to identify attractive acquisition candidates, successfully integrate acquired operations or realize the intended benefits of our acquisitions;
- our ability to realize growth outside of acquisitions and related cost-savings may be limited;
- our products are highly engineered or customer-driven and, as such, we are subject to risks associated with changes in technology and manufacturing techniques; and
- increases in our raw material or energy costs could adversely affect our profitability and ability to grow.

In addition, while we may achieve many individual growth objectives by reason of our strategies, the benefits of these achievements may be mitigated in part or in whole if we suffer from one or more of the risks described in this prospectus. See "Risk Factors" and "Forward-Looking Information."

### Prior Public Company Background and Our Controlling Stockholder

We operated as an independent public company from 1989 through 1997. During this period, we focused on growth and our sales grew primarily through acquisitions from \$221 million to \$668

million, representing a compound annual growth rate of approximately 15%. In 1998, we were acquired by Metaldyne Corporation (which was then named MascoTech, Inc.) and, in November 2000, Metaldyne was acquired by an investor group led by Heartland Industrial Partners, L.P. In early 2001, we hired a new senior management team to increase our operating efficiency and again develop a focused growth strategy. On June 6, 2002, an investor group led by Heartland acquired 66% of our fully diluted common equity from Metaldyne with the objective of permitting us to independently pursue growth opportunities. We have grown our net sales from \$750.3 million in 2002 to \$905.4 million in 2003 through acquisitions. During 2003, our operating profit declined from \$67.8 million to \$28.7 million as a result of non-cash charges associated with impairment of goodwill and other intangibles, non-cash losses from dispositions of property and equipment under sale-leaseback transactions, costs associated with establishing a home office and plant restructuring, consolidation and integration costs. In addition, our total debt increased by approximately \$39.8 million as a result of our acquisitions from the end of 2002 to the end of 2003. Following this offering, Heartland will beneficially own approximately % of our fully diluted common equity (which includes % held by Metaldyne).

Heartland, Metaldyne and those of our directors associated with Heartland will realize certain direct and indirect costs and benefits from this offering, including the following:

- all pre-offering owners of our common stock will benefit from the creation of a public market for our common stock although they will be subject to lock-up agreements described elsewhere in this prospectus;
- Metaldyne will realize gross proceeds from this offering of approximately \$ and Heartland and Metaldyne will continue to collectively own shares representing a majority of our voting stock (valued in aggregate at \$ million based upon the midpoint of the price range.) Heartland originally acquired its shares in TriMas from Metaldyne at an aggregate cost of \$255.0 million;
- Heartland is agreeing to a contractual settlement of its right to receive an annual \$4 million monitoring fee and 1% fee for this offering in exchange for a \$10 million payment, but will continue to have the right to earn fees for services provided in connection with certain future financings, acquisitions and divestitures by us; and
- Heartland and Metaldyne will suffer a reduction in their percentage of share ownership and will have reduced representation on our Board of Directors and its committees, although Heartland and Metaldyne will continue to control a majority of our shares immediately following this offering, as indicated above, and Heartland will continue to represent a majority of our Board of Directors.

In June 2002, Heartland and its co-investors purchased approximately 66% of our fully diluted common equity directly from us for cash. We used these proceeds, together with new borrowings and receivables financings, to finance a dividend to Metaldyne, which effectively paid Metaldyne for its reduced interest in us. At the time, we, Metaldyne and Heartland entered into a number of agreements pertaining to, among other things, Heartland's investment, the dividend, our respective ongoing relationships and the allocation of certain liabilities that might arise. It was intended generally that liabilities associated with our businesses stay with us and that liabilities associated with Metaldyne's businesses stay with Metaldyne. We subsequently repurchased some of our common stock from Metaldyne in 2002 as well at the same price as originally paid by Heartland. See "Related Party Transactions." Consequently, there are continuing ongoing relationships that will exist between us, on the one hand, and Heartland, Metaldyne and our officers and directors, on the other hand. None of these matters are specific to this offering. For a fuller description of these matters and other costs and benefits of this offering to our related parties, see "Management"; "Principal Stockholder and Selling Stockholder"; "Related Party Transactions—Benefits of this Offering to Certain Related Parties" and the relevant portions of the section captioned "Risk Factors."

### Our Executive Offices and Structure

TriMas Corporation is a Delaware corporation. Our principal executive offices are located at 39400 Woodward Avenue, Suite 130, Bloomfield Hills, Michigan 48304. Our telephone number is (248) 631-5450. Our web site address is [www.trimascorp.com](http://www.trimascorp.com). Information contained on our web site is not a part of this prospectus.

TriMas Corporation is a holding company with no material assets of its own other than 100% of the capital stock of an intermediate holding company, TriMas Company LLC. TriMas Company LLC directly or indirectly owns our domestic and foreign operating subsidiaries, which represent the primary source of all of our revenues and the primary owners of all of our material assets. All of our senior credit facility and public debt are issued or guaranteed by TriMas Corporation, TriMas Company LLC and our domestic subsidiaries (other than our receivables financing subsidiary).

	The Offering
Common stock offered by us	shares
Common stock offered by the selling stockholder	shares
<b>Total</b>	shares
Shares outstanding after the offering	shares
Use of proceeds	We estimate that our net proceeds from this offering will be approximately \$164.0 million. We intend to use these net proceeds to repay a portion of our outstanding senior subordinated notes due 2012. To the extent there are any remaining net proceeds, we may use such funds to prepay a portion of our outstanding term loans and/or for other general corporate purposes. In lieu of prepaying our term loans, we may seek to terminate certain of our operating leases by acquiring the underlying assets with proceeds from this

offering. We will not receive any proceeds from any sale of shares by the selling stockholder.

#### Preferred stock purchase rights

Each share of common stock offered hereby will have associated with it one preferred stock purchase right under a rights agreement that we intend to adopt in connection with the consummation of this offering. Each of these rights will entitle its holder to purchase one one-thousandth of a share of series A junior participating preferred stock at a purchase price to be specified in the rights agreement under the circumstances provided therein. See "Description of Capital Stock—Rights Agreement."

#### Risk factors

Please read "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

We intend to apply for listing of the shares on the New York Stock Exchange under the symbol "TRS."

Unless we specifically state otherwise, all information in this prospectus:

- assumes no exercise of the over-allotment option granted by the selling stockholder in favor of the underwriters; and
- excludes 2,222,000 shares of common stock reserved for issuance under our long-term equity incentive plan including, as of June 1, 2004, 1,856,837 shares of common stock issuable upon the exercise of outstanding stock options under the long-term equity incentive plan at an exercise price of \$20.00 per share, of which 465,870 options were vested.
- The inclusion of shares to be sold by the selling stockholder in this preliminary prospectus is preliminary and the ultimate determination by the selling stockholder to offer shares will be subject to market conditions.

### Summary Financial Data

The following table sets forth our summary historical financial data for the five years ended December 31, 2003 and the three months ended March 31, 2004 and March 30, 2003, as well as summary pro forma data for the three months ended March 31, 2004 and year ended December 31, 2003. The historical financial data for the fiscal years ended December 31, 2003, 2002 and 2001 has been derived from our audited financial statements and notes to those financial statements included elsewhere in this prospectus. The audited financial statements for the year ended December 31, 2003 have been audited by KPMG LLP and the audited financial statements for the years ended December 31, 2002 and 2001 have been audited by PricewaterhouseCoopers LLP. The financial data for the fiscal years ended December 31, 2000 and 1999 was derived from our historical financial statements, as revised for the acquisition of Fittings, not included in this prospectus. The selected information for the three months ended March 31, 2004 and March 30, 2003 has been derived from our unaudited interim financial statements and the notes to those financial statements, which, in the opinion of management, include all adjustments which are normal and recurring in nature, necessary for the fair presentation of that data for such periods.

In reviewing the following information, it should be noted that, on June 6, 2002, Metaldyne issued approximately 66% of our then fully diluted common equity to an investor group led by Heartland. We did not establish a new basis of accounting as a result of this common equity issuance due to the continuing contractual control by Heartland. Our combined financial information for the periods prior to June 6, 2002 includes allocations and estimates of direct and indirect Metaldyne corporate administrative costs attributed to us, which are deemed by management to be reasonable but are not necessarily reflective of the costs which we thereafter incurred or may incur on an ongoing basis. Prior to June 6, 2002, we were wholly-owned by Metaldyne. On November 28, 2000, Metaldyne was acquired by an investor group led by Heartland. The pre-acquisition basis of accounting for periods prior to November 28, 2000 is reflected on the historical basis of accounting and all periods subsequent to November 28, 2000 are reflected on a purchase accounting basis and are therefore not comparable.

In addition, we acquired three significant businesses during 2003: (1) HammerBlow Acquisition Corp. on January 30, 2003, (2) Highland Group Corporation on February 21, 2003 and (3) an automotive fittings business from Metaldyne, which we refer to as the Fittings acquisition, on May 9, 2003. The historical financial information for 2003 includes the results of the HammerBlow and Highland businesses subsequent to the date of their acquisition. The Fittings acquisition was accounted for as a reorganization of entities under common control because of Heartland's interests in Metaldyne and us. As a result, historical periods have been revised to include the effects of the Fittings acquisition as if Fittings had been owned by us for all periods presented. The pro forma financial statement of operations-related data reflect the impact of the HammerBlow and Highland acquisitions and this offering as if each had occurred on January 1, 2003. The as adjusted selected balance sheet data reflects the impact of this offering as if it had occurred December 31, 2003. The following data should be read in conjunction with "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited financial statements, each included elsewhere in this prospectus.

	Pro Forma		Post-Acquisition Basis					Pre-Acquisition Basis			
	Three Months Ended March 31, 2004 (unaudited)	Year ended December 31, 2003 (unaudited)	Three months ended March 31, 2004 (unaudited)	Three months ended March 30, 2003 (unaudited)	Last twelve months ended March 31, 2004 (unaudited) (in thousands)	Year ended December 31, 2003	Year ended December 31, 2002	Year ended December 31, 2001	11/28/2000-12/31/2000	1/1/2000-11/27/2000	Year ended December 31, 1999
<b>Statement of Operations Data:</b>											
Net sales	\$ 260,900	\$ 921,100	\$ 260,900	\$ 217,970	\$ 948,330	\$ 905,400	\$ 750,250	\$ 748,400	\$ 51,600	\$ 758,920	\$ 793,930
Gross profit	64,610	241,000	64,610	55,490	241,090	231,970	194,590	201,440	13,730	218,810	259,440
Impairment of goodwill	—	7,600	—	—	7,600	7,600	—	—	—	—	—
Operating profit	21,650	38,720	20,650	4,970	44,420	28,740	67,810	67,300	40	95,920	123,050
Net income (loss)	5,410	(15,850)	2,540	(7,020)	(21,370)	(30,930)	(34,760)	(11,170)	(4,610)	21,450	37,680
(1)											

	Three Months Ended March 31, 2004	Year ended December 31, 2003	Three months ended March 31, 2004	Three months ended March 30, 2003	Last twelve months ended March 31, 2004	Year ended December 31, 2003	Year ended December 31, 2002	Year ended December 31, 2001	11/28/2000-12/31/2000	1/1/2000-11/27/2000	Year ended December 31, 1999
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)						
<b>Per Share Data:</b>											
<b>Basic</b>											
income/(loss) per share		\$ 0.13	\$ (0.35)		\$ (1.54)						
<b>Diluted</b>											
income/(loss) per share		\$ 0.13	\$ (0.35)		\$ (1.54)						
<b>Weighted average shares for basic EPS</b>											
		20,010,000	20,072,230		20,047,090						
<b>Weighted average shares for diluted EPS</b>											
		20,310,491	20,072,230		20,047,090						

**Statement of Cash Flows Data:**

Cash flows provided by (used for)											
operating activities		21,630	47,830	15,160	41,360	(22,000)	78,710	18,950	111,740	59,670	
investing activities		(20,050)	(163,300)	(18,030)	(161,280)	(39,090)	(13,020)	(5,730)	(38,560)	(47,640)	
financing activities		(1,440)	45,690	(20,870)	26,260	157,750	(68,970)	(12,600)	(79,160)	(20,330)	

**Other Financial Data:**

Depreciation and amortization <sup>(2)</sup>	\$ 10,230	\$ 55,250	\$ 10,230	\$ 11,130	\$ 53,950	\$ 54,850	\$ 39,720	\$ 54,730	\$ 4,490	\$ 39,240	\$ 39,140
Capital expenditures	14,820	31,690	14,820	4,670	41,840	31,690	33,990	19,090	3,260	21,490	45,090
Adjusted EBITDA <sup>(3)</sup>	31,580	123,690	30,580	29,690	114,630	113,740	109,530	122,630	3,660	139,060	163,750

As of March 31, 2004	
Actual	As Adjusted <sup>(4)</sup>
(unaudited)	

**Selected Balance Sheet Data:**

Cash and cash equivalents	\$ 6,920	\$ 320
Working capital <sup>(5)</sup>	87,200	91,710
Goodwill and other intangibles	978,720	978,720
Total assets	1,510,070	1,508,350
Total debt	734,580	588,980
Shareholders' equity	398,270	542,450

(1) Effective January 1, 2002, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets," and discontinued amortization of goodwill. See Note 6 to the audited financial statements for the effect on net income (loss) of excluding amortization expense related to goodwill that will no longer be amortized. We completed the transitional test for impairment of goodwill in the second quarter of 2002, which resulted in a non-cash after-tax charge of \$36.6 million related to our industrial fasteners business.

(2) Includes non-cash charges of \$11.0 million and \$0.4 million in 2003 and 2002, respectively, to write-off customer relationship intangibles as the Company no longer maintains a sales relationship with several customers. See Note 6 to the 2003 audited financial statements.

(3) In evaluating our business, our management considers and uses Adjusted EBITDA as a key indicator of financial operating performance and as a measure of cash generating capability. We define Adjusted EBITDA as net income (loss) before cumulative effect of accounting change and before interest, taxes, depreciation, amortization, impairment of goodwill, non-cash losses on sale-lease back of property and equipment and legacy restricted stock award expense. In evaluating Adjusted EBITDA, our management deems it important to consider the quality of our underlying earnings by separately identifying certain costs undertaken to improve our results, such as costs related to consolidating facilities and businesses in an effort to eliminate duplicative costs or achieve efficiencies, costs related to integrating acquisitions and restructuring costs related to expense reduction efforts. Although our consolidation, restructuring and integration efforts are continuing and driven in part by our acquisition activity, our management eliminates these costs to evaluate underlying business performance. Caution must be exercised in eliminating these items as they include substantially (but not necessarily entirely) cash costs and there can be no assurance that we will ultimately realize the benefits of these efforts.

We use Adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period and company to company by eliminating potential differences caused by variations in

capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and the impact of purchase accounting and SFAS No. 142 (affecting depreciation and amortization expense). Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA for business planning purposes, to incent and compensate our management personnel, in measuring our performance relative to that of our competitors and in evaluating acquisition opportunities. In addition, we believe Adjusted EBITDA or similar measures are widely used by investors, securities analysts, ratings agencies and other interested parties as a measure of financial performance and debt service capabilities. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. These limitations are discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

The following is a reconciliation of our Adjusted EBITDA to net income (loss), and cash flows from operating activities:

	Pro Forma		Post-Acquisition Basis						Pre-Acquisition Basis		
	Three Months Ended March 31, 2004	Year Ended December 31, 2003	Three Months Ended March 31, 2004	March 30, 2003	Last twelve months ended March 31, 2004	Year Ended December 31,			11/28/2000-12/31/2000	Year ended December 31, 1999	
						2003	2002	2001	12/31/2000	1/1/2000-11/27/2000	
(in thousands)											
Net income (loss) before cumulative effect of accounting change	\$ 5,410	\$ (15,850)	\$ 2,540	\$ (7,020)	\$ (21,370)	\$ (30,930)	\$ 1,870	\$ (11,170)	\$ (4,610)	\$ 21,450	\$ 37,680
Income tax expense (benefit)	3,250	3,670	1,500	(4,610)	520	(5,590)	2,820	1,950	(1,360)	21,010	31,070
Interest expense	12,690	49,990	16,310	16,380	64,710	64,780	60,810	73,860	5,140	56,590	55,860
Legacy stock award expense	—	4,830	—	1,270	3,560	4,830	4,310	3,260	—	770	—
Loss on sale-leaseback of property and equipment <sup>(6)</sup>	—	18,200	—	12,540	5,660	18,200	—	—	—	—	—
Goodwill impairment	—	7,600	—	—	7,600	7,600	—	—	—	—	—
Depreciation and amortization	10,230	55,250	10,230	11,130	53,950	54,850	39,720	54,730	4,490	39,240	39,140
Adjusted EBITDA <sup>(6)</sup>	\$ 31,580	\$ 123,690	\$ 30,580	\$ 29,690	\$ 114,630	\$ 113,740	\$ 109,530	\$ 122,630	\$ 3,660	\$ 139,060	\$ 163,750
Interest paid <sup>(7)</sup>	(5,060)	(46,920)	(5,060)	(3,800)	(62,970)	(61,710)	(58,660)	(73,860)	(5,140)	(56,590)	(55,860)
Taxes paid <sup>(7)</sup>	(2,000)	(17,760)	(2,000)	(1,160)	(9,340)	(8,500)	(9,600)	7,160	4,110	(20,190)	(29,730)
Legacy stock award expense <sup>(7)</sup>	(5,400)	(4,560)	(5,400)	(4,560)	(5,400)	(4,560)	(70)	(3,260)	—	(770)	—
Loss (gain) on dispositions of plant and equipment <sup>(6)</sup>	250	1,910	250	(390)	2,550	1,910	1,800	1,400	330	70	110
Payments to MetalDyne to fund contractual liabilities	(1,980)	(6,370)	(1,980)	(4,570)	(3,780)	(6,370)	(15,130)	—	—	—	—
Receivables	56,890	—	56,890	57,430	(540)	—	(59,980)	4,570	12,700	42,500	—





One of our principal growth strategies is to pursue strategic acquisition opportunities. A substantial portion of our historical growth has derived from acquisitions. We continually evaluate

potential acquisitions, some of which could be material, and engage in discussions with acquisition candidates. Since our separation from Metaldyne in June 2002, we have completed seven acquisitions. 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. Investors in our common stock should anticipate that our earnings may be unpredictable due to the importance of acquisitions to our growth strategy and related unanticipated costs. 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. Often acquisitions are undertaken to improve the operating results of either or both of the acquiror and the acquired company and we may not be successful in this regard. In addition, our acquisition strategies may not be well received by our customers and suppliers. 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.

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

Although we have not experienced significant fluctuations in raw material or energy costs which have materially impacted our profitability, we are sensitive to price movements in our raw materials supply base. Our largest raw material purchases are for steel, polyethylene and other resins and energy. Raw materials and other supplies used in our operations are normally available from a variety of competing suppliers. Steel is purchased primarily from steel mills and service centers with contractual pricing guarantees typically in the six- to twelve-month time frame. We estimate that, based on existing price structures, price and scrap surcharges and market conditions, we may experience steel prices that are substantially higher in 2004 as compared with 2003. This estimate assumes particular product volumes and product mix that may vary in reality. Polyethylene is generally a commodity resin with multiple suppliers capable of providing product. For most polyethylene purchases, we negotiate the effective date of any upward pricing (usually 60 days). Our electricity requirements are managed on a regional basis utilizing competition where deregulation is prevalent. A failure by our suppliers to continue to supply us with certain raw materials or component parts on commercially reasonable terms, or at all, would have a material adverse effect on us. Our energy costs are a substantial element of our cost structure. 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 pass along any increased costs associated with any of the foregoing. Furthermore, prior to our separation from Metaldyne, we entered into several joint purchasing arrangements for our steel and energy requirements that we previously benefited from as a Metaldyne subsidiary. We and Metaldyne have agreed to cooperate to provide each other with the benefits of these agreements in the future, but these benefits may not continue to be available to us.

**We may be unable to successfully implement our growth strategies. Our ability to realize our growth opportunities, apart from acquisitions and related cost savings, may be limited.**

We have identified many growth opportunities, involving new product development, cross-selling, product bundling, cost reduction measures and similar organic growth opportunities. However, our businesses operate in relatively stable industries and it may be difficult to successfully pursue these 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 been successful with some of these strategies in the past, our growth has principally come through acquisitions.

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

Our success will depend, in part, on the efforts of our senior management, including our Chief Executive Officer and our segment presidents. 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. In addition, our largest stockholder, Heartland, has provided us with valuable strategic, financial and operational support pursuant to arrangements that will terminate in connection with this offering. The loss of such services could adversely affect us.

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

We face an inherent business risk of exposure to product liability claims in the event that the use of our current and formerly manufactured or sold products results, or is alleged to result, in bodily injury and/or property damage. We may experience material product liability losses in the future and/or incur significant costs to defend such claims. Our product liability insurance coverage may be inadequate for liabilities that may ultimately be incurred or it may not continue to be available on terms acceptable to us. In addition, if any of our products are or are alleged to be defective, we may be required to participate in a government-required or manufacturer-instituted recall involving such products. Our Cequent business has experienced product liability claims as to towing and trailer products in the ordinary course of business. A successful claim brought against us in excess of our available insurance coverage or a requirement to participate in a product recall may have a materially adverse effect on our business. In the ordinary course of our business, contractual disputes over warranties can also arise. Customers may seek to hold us responsible for some or all of the repair or replacement costs under their product warranties when the product provided did not, or allegedly did not, perform as warranted. In addition, one of our Industrial Specialties segment subsidiaries is a party to lawsuits related to asbestos contained in gaskets formerly manufactured by it or its predecessors. These or other liabilities or claims may increase or otherwise have a material adverse effect on our business and financial condition and results. See "Business—Legal Proceedings" for a discussion of these lawsuits.

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

We are subject to federal, state, local and foreign environmental and health and safety laws and regulations that:

- affect ongoing operations and may increase capital costs and operating expenses in order for us to maintain compliance with such requirements; and

- impose liability relating to contamination at our facilities, and at other locations such as former facilities, facilities where we have sent wastes for treatment or disposal, and other properties to which we (or a company or business for which we are responsible) are linked.

Liability under these laws and regulations may include, for example, investigation and cleanup of the contamination, personal injury and property damage caused by the contamination, and damages to natural resources. Some of these liabilities may be imposed without regard to fault, and may also be joint and several (which can result in a liable party being held responsible for the entire obligation, even where other parties are also liable).

We may be legally or contractually responsible or alleged to be responsible for the investigation and remediation of contamination at various sites, and for personal injury or property damages, if any, associated with such contamination. We have been named as potentially responsible parties under the federal Superfund law or similar state laws in several sites requiring cleanup related to disposal of wastes we generated. These laws generally impose liability for costs to investigate and remediate contamination without regard to fault and under certain circumstances liability may be joint and several, resulting in one responsible party being held responsible for the entire obligation. Liability may also include damages to natural resources. We have entered into consent decrees relating to two sites in California along with the many other co-defendants in these matters. We have incurred substantial expenses for all these sites over a number of years, a portion of which has been covered by insurance. See "Business—Legal Proceedings" for a discussion of these matters. In addition to the foregoing, our businesses have incurred and likely will continue to incur expenses to investigate and

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clean up existing and former company-owned or leased property. Additional sites may be identified at which we are a potentially responsible party under the federal Superfund law or similar state laws.

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

As of December 31, 2003, approximately 19.8% of our work force was unionized under several different unions and bargaining agreements. If our unionized workers or those of our customers or suppliers 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 costs and these risks may increase. We anticipate negotiating a collective bargaining agreement with the United Steel Workers Union for certain employees at our Goshen, Indiana facility and expect to take a neutral position with respect to any organization efforts by the United Steel Workers Union at certain of our other present and future facilities. 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, both the subject of various cost-sharing features. Some of these benefits are provided for in fixed amounts negotiated in labor contracts with the appropriate 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 less benefits to their employees and retirees, and this difference in cost could adversely impact our competitive position.

**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, 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. As is the case with any U.S. manufacturer, we also face the risk of lower cost foreign manufacturing in certain markets and we may be driven as a consequence of this competition to increase our investment overseas. Competitive pressure may limit the volume of products that we sell and reduce our operating margins.

**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 17.7% of our net sales for the fiscal year ended December 31, 2003 were derived from sales by our subsidiaries located outside of the United States. We may significantly expand our international operations through internal growth and acquisitions. For example, we opened a new production and assembly facility in China for our Rieke segment in the first quarter of 2004. Such efforts are intended to facilitate growth on a cost effective basis and to enhance our competitive position, but we may be unsuccessful in these efforts. Sales outside of the United States, particularly sales to emerging markets, and foreign manufacturing are subject to various other risks which are not

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

**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 March 31, 2004, our goodwill and intangible assets were approximately \$978.7 million, and represented approximately 64.8% of our total assets. Our net loss of \$30.9 million for the year ended December 31, 2003 was impacted by a charge of \$18.6 million for impairment of goodwill related to our precision cutting tools business and other intangibles related to customers with whom we no longer maintain sales relationships. Because of the

significance of our goodwill and intangible assets, any future impairment of these assets could have a material adverse effect on our financial results.

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

We may be subject to claims or inquiries regarding alleged unauthorized use of a third party's intellectual property. An adverse outcome in any intellectual property litigation could subject us to significant liabilities to third parties, require us to license technology or other intellectual property rights from others, require us to comply with injunctions to cease marketing or using certain products or brands, or require us to redesign, 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, financial condition and operating results.

**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 that rights granted thereunder will provide meaningful proprietary protection. Moreover, competitors may infringe our patents or successfully avoid them through design innovation. To combat infringement or unauthorized use, we may need to commence litigation, which can be expensive and time-consuming. In addition, in an infringement proceeding a court may decide that a patent or other intellectual property right of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology or other intellectual property at issue on the ground that it is non-infringing. 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 United States.

**Risks Relating to Our High Degree of Leverage**

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

Following this offering, we will continue to have indebtedness that is substantial in relation to our shareholders' equity. As of March 31, 2004, after giving pro forma effect to the use of proceeds from this offering, we would have had approximately \$589.0 million of outstanding debt and approximately \$542.7 million of shareholders' equity. On such pro forma basis, approximately 50.6% of our debt would have borne interest at variable rates and we may experience material increases in our interest expense as a result of increases in interest rate levels generally. Our annual debt service payment

15

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obligations in 2003, after giving effect to the use of proceeds from this offering would have been approximately \$45.1 million. Based on outstanding amounts, at March 31, 2004 a 1% increase in the per annum interest rate for our variable rate debt would increase our interest expense by approximately \$3.0 million annually. The degree to which we are leveraged and have high interest expense will have important consequences, including the following:

- 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;
- 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;
- indebtedness under our credit facility and the financing cost associated with our accounts receivable facility are at variable rates of interest, which makes us vulnerable to increases in interest rates;
- our leverage may place us at a competitive disadvantage as compared with our less leveraged competitors;
- our substantial degree of leverage will make us more vulnerable in the event of a downturn in general economic conditions or in any of our businesses; and
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited.

We may also incur significant additional debt in pursuit of our acquisition strategies. We have the ability to borrow up to \$100.0 million under our \$150.0 million revolving credit facility to fund permitted acquisitions and we have the ability to seek commitments for an additional \$125.0 million of term loans under our existing credit agreement, to fund permitted acquisitions, all subject to pro forma compliance with our financial covenants. At March 31, 2004, after giving pro forma effect to the use of proceeds from this offering to redeem senior subordinated notes, we would have been able to incur an additional \$128.0 million of debt. 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."

**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 annualized rental expense under these operating leases will approximate \$15.2 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, consequently, are not considered indebtedness for purposes of our debt instruments. If at a later date, we or our auditors conclude that these operating leases should be treated as capital leases, then such leases would be considered indebtedness for balance sheet purposes and we may, as a result, need to seek waivers or modifications of our debt instruments.

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

Our credit facility and the indenture governing our senior subordinated 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.

Our accounts receivable facility contains concentration limits with respect to the percentage of receivables we can sell from any particular customer. The concentration limits are based on the credit ratings of each particular customer. We may implement credit hedging strategies to offset this risk. However, if one or more of our customers were to have its credit ratings downgraded, then the amount of receivables of such customer that we could sell may decrease and our liquidity could be materially and adversely impacted.

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 of credit could be terminated. In addition, such breach may cause a termination of our accounts receivable facility. This would materially and adversely impair our liquidity. In addition, our secured lenders could proceed against their collateral and our lessors could prevent us from using our valuable facilities and equipment that are under lease. We do not presently expect that alternative sources of financing will be available to us under these circumstances or available on attractive terms.

**Risks Related to Our Common Stock**

**Investors in this offering will suffer immediate and substantial dilution.**

The initial public offering price of our common stock will be substantially higher than the net tangible book value per share of our common stock. Purchasers of our common stock in this offering will experience immediate and substantial dilution in the net tangible book value of \$ per share of the common stock, assuming an initial public offering price of \$ per share. Our issuance of shares pursuant to options and the exercise of an existing warrant will cause investors to experience further dilution if the market price of our common stock exceeds the exercise price of these securities.

**Future sales of our common stock in the public market could cause our stock price to fall.**

Sales of a substantial number of shares of our common stock in the public market after this offering, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. After this offering, we will have shares of common stock outstanding. There will be shares outstanding if the underwriters exercise their overallotment option in full. Restrictions under the securities laws and the lock-up agreements described in "Underwriting" limit the number of shares of common stock that can be sold immediately following the public offering. All of the shares

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of common stock sold in this offering will be freely tradeable without restrictions or further registration under the Securities Act, except for any shares purchased by our affiliates as defined in Rule 144 under the Securities Act.

shares of common stock outstanding after this offering will be "restricted securities" subject to the volume limitations and the other conditions of Rule 144, plus additional shares issuable upon the exercise of outstanding options and shares issuable upon the exercise of an outstanding warrant, available for sale after the expiration of their initial -day lock-up period.

Of the "restricted shares" outstanding after this offering, Heartland will own and Metaldyne will own . Heartland and Metaldyne will have the ability to require us to register the resale of their shares 180 days after the consummation of this offering pursuant to registration rights. In addition, each party to our shareholders agreement has the right, subject to the limitations in the shareholders agreement, to exercise certain piggyback registration rights in connection with other registered offerings. Substantial sales by Heartland or Metaldyne or the perception that these sales will occur may materially and adversely affect the price of our common stock.

**If we need to sell or issue additional shares of common stock to finance future acquisitions, your stock ownership could be diluted.**

Part of our growth strategy is to expand into new markets and enhance our position in existing markets through acquisitions. In order to successfully complete targeted acquisitions or fund our other activities, we may issue additional equity securities that could be dilutive to our earnings per share and to your stock ownership. The timing and quantity of the shares of our common stock that will be sold may have a negative impact on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options and warrants or in connection with acquisition financing), or the perception that such sales could occur, may materially and adversely affect prevailing market prices for our common stock.

**Possible volatility in our stock price could negatively affect our stockholders.**

The trading price of our common stock may be volatile in response to a number of factors, many of which are beyond our control, including actual or anticipated variations in quarterly financial results, changes in financial estimates by securities analysts and announcements by our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments. In addition, our financial results may be below the expectations of securities analysts and investors. If this were to occur, the market price of our common stock could decrease, possibly significantly.

In addition, the U.S. securities markets have experienced significant price and volume fluctuations. These fluctuations often have been unrelated to the operating performance of companies in these markets. Broad market and industry factors may negatively affect the price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of an individual company's securities, securities class action litigation often has been instituted against that company. The institution of similar litigation against us could result in substantial costs and a diversion of our management's attention and resources, which could negatively affect our financial results.

**We are controlled by Heartland, who can control all matters requiring the approval of our stockholders, and Heartland's interests in our business may be different than yours.**

After this offering, Heartland will beneficially own approximately % of our outstanding voting common stock and Metaldyne, which is controlled by Heartland, will beneficially own approximately % of our outstanding voting common stock. As a result, Heartland will have the power to control all matters submitted to our stockholders, elect our directors and exercise control over our decisions to enter into any corporate transaction and have the ability to prevent 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 cause us to make acquisitions that increase the amount of our indebtedness, sell revenue-generating assets or cause us to undergo a "going private" transaction with it or one of our affiliates based on its ownership immediately following the consummation of this offering without a legal requirement of unaffiliated

18

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shareholder approval. 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 strongly influence or effectively control our decisions. Its interests may differ from yours and it may vote in a way with which you disagree. In addition, this concentration of ownership may have the effect of preventing, discouraging or deferring a change of control, which could depress the market price of our common stock. See "Related Party Transactions."

**We are party to certain transactions with Heartland and its affiliates, including Metaldyne, and we may continue to do so in the future.**

While we have no current plans with respect to additional related party transactions with Heartland or Metaldyne or their respective affiliates, apart from those existing and ordinary course matters summarized or referred to under "Certain Relationships and Related Party Transactions," we may enter into such transactions in the future. Our debt instruments currently require that, principles of corporate law may recommend that and we intend to, enter into such transactions only on arms' length third party terms, but we cannot assure you that, should we enter into any such transactions, they would not be detrimental to us and to shareholders other than the relevant affiliated party.

**Provisions of Delaware law and upon the consummation of this offering, our certificate of incorporation, by-laws, and shareholders' rights plan could delay or prevent a change in control of our company, which could adversely impact the value of our common stock.**

Upon the consummation of this offering, our certificate of incorporation and by-laws will contain provisions that could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. Upon the consummation of this offering, provisions of our certificate of incorporation and by-laws will impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. For example, our certificate of incorporation will authorize our board of directors to determine the rights, preferences, privileges and restrictions of an unissued series of preferred stock, without any vote or action by our shareholders. Thus, our board of directors will be able to authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. These rights may have the effect of delaying or deterring a change of control of our company. In addition, a change of control of our company may be delayed or deterred as a result of our having three classes of directors or as a result of the shareholders' rights plan that our board of directors intends to adopt upon the consummation of this offering. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock. See "Description of Capital Stock."

**Our common stock may not trade actively, which may cause our common stock to trade at a discount and make it difficult for you to sell your stock.**

This is our initial public offering, which means that our common stock currently does not trade in any market. Upon the consummation of this offering, our common stock may not trade actively. You may not be able to sell your shares at or above the offering price, which will be determined by negotiations between representatives of the underwriters and us and which may not be indicative of prices that will prevail in the trading market. An illiquid market for our common stock may result in price volatility and poor execution of buy and sell orders for investors.

19

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## FORWARD-LOOKING INFORMATION

This prospectus contains forward-looking statements about our financial condition, results of operations and business, and our plans, objectives, goals, strategies, future events, revenue or performance, capital expenditures, financing needs, plans or intentions concerning acquisitions and business trends and other non-historical information. Many of these statements appear under the headings "Prospectus Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." When used in this prospectus, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts," or future or conditional verbs, such as "will," "should," "could," or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management's examination of historical operating trends and data are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will be achieved.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties and accordingly, 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 prospectus.

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 statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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

- technological developments that could competitively disadvantage us;
- increases in our raw material, energy and healthcare costs;
- our dependence on key individuals and relationships;
- exposure to product liability and warranty claims;
- compliance with environmental and other regulations;
- labor costs and strikes at our customers' or at our facilities; and
- competition within our industries.

In addition, factors more specific to us could cause actual results to vary materially from those anticipated in the forward-looking statements included in this prospectus such as our substantial leverage, limitations imposed by our debt instruments, our ability to successfully pursue our stated growth strategies and opportunities, including our ability to identify attractive and other strategic acquisition opportunities, and to successfully integrate acquired businesses including actions we have identified as providing cost-saving opportunities.

We disclose important factors that could cause our actual results to differ materially from our expectations under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus. These cautionary statements qualify all forward-looking statements attributable 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.

20

#### USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately \$164.0 million from the sale of shares of our common stock in this offering, based upon an assumed initial public offering price of \$ per share, the midpoint of the offering range, and after deducting underwriting discounts and commissions and estimated offering expenses.

We intend to use the net proceeds from this offering to repay approximately \$146.2 million in principal amount of our outstanding 9 7/8% senior subordinated notes due 2012 at a redemption price of 109.875% of principal, plus accrued and unpaid interest. We may use the remaining balance, if any, to prepay term loans and/or for general corporate purposes. However, we may elect to terminate certain of our operating leases and to reacquire the underlying leased assets with a portion of the net proceeds instead of prepaying term loans. Our term loans bear interest at a weighted average rate equal to 4.60% as of March 31, 2004 and have a final maturity of December 31, 2009.

We will not receive any proceeds from the sale of shares by the selling stockholder, including if the underwriters exercise their overallotment option, which is solely from the selling stockholder.

#### DIVIDEND POLICY

We have not declared or paid cash dividends on our common stock since becoming a stand alone entity in June 2002 and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. In addition, restrictions in our credit facility and our indenture governing our 9 7/8% senior subordinated notes restrict our ability to pay dividends. We currently intend to retain future earnings, if any, to finance our business and growth strategies. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant.

21

#### CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2004 on an actual and as adjusted basis to reflect:

- the sale by us of approximately shares of our common stock in this offering at an assumed public offering price per share of \$ , the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and offering expenses; and
- the assumed repayment of \$146.2 million in principal amount of our senior subordinated notes with the proceeds we receive from this offering.

You should read this table in conjunction with our audited financial statements as of December 31, 2003 and the notes to those financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Financial Information" included elsewhere in this prospectus.

	<u>As of March 31, 2004</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	<i>(unaudited)</i>	
	<i>(in thousands)</i>	
Cash and cash equivalents	\$ 6,920	\$ 320
Long-term debt (including current maturities):		
Credit facility <sup>(1)</sup>	\$ 298,060	\$ 298,060
9 7/8% senior subordinated notes due 2012 <sup>(2)</sup>	436,110	290,510
Other	410	410

Total long-term debt	734,580	588,980
Shareholders' equity:		
Preferred stock: par value \$0.01 per share; 100,000,000 shares authorized; no shares issued and outstanding actual or as adjusted <sup>(3)</sup>	—	—
Common stock: par value \$0.01 per share; 400,000,000 shares authorized; 20,010,000 shares issued and outstanding actual; shares issued and outstanding as adjusted	200	
Paid-in capital	399,460	561,460
Retained deficit <sup>(4)</sup>	(35,700)	(53,320)
Accumulated other comprehensive income	34,310	34,310
Total shareholders' equity	<u>398,270</u>	<u>542,450</u>
Total capitalization	<u>\$1,132,850</u>	<u>\$1,131,430</u>

- (1) At March 31, 2004, our credit facility was comprised of a \$150 million revolving credit facility that matures in December 2007 and a \$291.1 million term loan that matures in December 2009. As of March 31, 2004, we had outstanding borrowings of \$7.0 million and utilized approximately \$26 million of the letter of credit capacity under our revolving credit facility to support certain lease obligations and our ordinary course needs. In addition, our receivables facility provides us with up to \$125 million of availability of eligible accounts receivable through June 2005, of which \$56.9 million was outstanding at March 31, 2004. See "Description of Our Debt."
- (2) At March 31, 2004, actual face value of the 9 7/8% senior subordinated notes was \$438.8 million and as adjusted face value was \$291.6 million. See Note 8 to our unaudited financial statements included elsewhere in this prospectus.
- (3) In connection with this offering, we will adopt a shareholder rights agreement pursuant to which each holder of our shares will be entitled to purchase one one-thousandth of a share of series A junior participation preferred stock. See "Description of Capital Stock — Rights Agreement."
- (4) Reflects adjustment for costs associated with redemption premium of \$14.4 million to retire \$146.2 million of our 9 7/8% senior subordinated notes, \$6.8 million expense related to deferred debt issuance costs and net amortized discount/premium and \$8.0 million expense related to discontinuation of the \$4.0 million annual fee paid under the Heartland Advisory Agreement, net of related tax benefit.

22

## DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock after this offering.

Our net tangible book value as of March 31, 2004 was approximately \$(580.5) million, or \$(29.01) per share of common stock. Net tangible book value per share represents total tangible assets less total liabilities, divided by the number of shares of common stock outstanding as of March 31, 2004. After giving effect to the issuance and sale of \_\_\_\_\_ shares of our common stock in this offering at an assumed initial public offering price of \$ \_\_\_\_\_ (the midpoint of range on the cover page of this prospectus), and after deducting the underwriting discounts and estimated offering expenses that we will pay, our net tangible book value as of March 31, 2004 would have been approximately \$ \_\_\_\_\_ million, or \$ \_\_\_\_\_ per share of common stock. This represents an immediate increase in net tangible book value of \$ \_\_\_\_\_ per share to existing shareholders and an immediate dilution of \$ \_\_\_\_\_ per share to new investors purchasing shares of common stock in this offering.

The following table illustrates this per share dilution:

Assumed initial public offering price per share	\$
Net tangible book value per share as of December 31, 2003	\$
Increase per share attributable to this offering	\$
Net tangible book value per share after this offering	\$
Dilution per share to new investors	\$

The following table summarizes, as of March 31, 2004, the total number of shares of common stock purchased or to be purchased from us for cash during the past five years by existing shareholders, by holders of options or warrants and the total consideration paid or to be paid us and the average price per share paid or to be paid by them and by new investors purchasing shares of common stock in this offering, before deducting the underwriting discounts and estimated offering expenses that we will pay:

	Shares purchased		Total consideration		Average price per share
	Number	Percent of total shares	Amount	Percent	
Existing shareholders		%	\$	%	\$
New investors		%		%	\$
Totals		<u>100.0%</u>	<u>\$</u>	<u>100.0%</u>	

The tables and calculations above (other than the last table above) assume no exercise of outstanding options. None of these options will be exercisable prior to 90 days after the consummation of this offering. As of June 1, 2004, there were 1,856,837 shares of our common stock issuable upon exercise of outstanding options at an exercise price of \$20.00 per share. See "Management—Director and Executive Officer Compensation—Long Term Equity Incentive Plan."

23

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information has been derived from our audited and unaudited historical financial statements, adjusted to give pro forma effect to the HammerBlow and Highland acquisitions, the offering of common stock made hereby and the use of proceeds to redeem senior subordinated notes. The Fittings acquisition is accounted for as a reorganization of entities under common control because of Heartland's

interests in Metaldyne and us. As a result, historical amounts presented include the effects of the Fittings acquisition. The impact of several other minor acquisitions completed in 2003 and 2004 are not reflected in the unaudited pro forma financial information because the impact of such acquisitions is not material.

The unaudited pro forma combined statement of operations for the three months ended March 31, 2004 gives effect to this offering as if it occurred on January 1, 2004. The unaudited pro forma combined statement of operations for the year ended December 31, 2003 gives effect to the HammerBlow and Highland acquisitions and this offering as if they had occurred on January 1, 2003.

The unaudited pro forma balance sheets as of March 31, 2004 and December 31, 2003 include adjustments necessary to reflect the estimated effect of this offering as if it had occurred as of March 31, 2004 and December 31, 2003, respectively.

The unaudited pro forma financial information referred to above are presented for informational purposes only and do not purport to represent what our results of operations or financial position would actually have been had the HammerBlow and Highland acquisitions and this offering occurred at such time or to project our results of operations for any future period or date.

The pro forma adjustments are based upon available information and various assumptions that we believe are reasonable. The pro forma adjustments and certain assumptions are described in the accompanying notes. Other information included under this heading has been presented to provide additional analysis.

The unaudited pro forma financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and the related notes to such financial statements included elsewhere in this prospectus.

24

**Unaudited Pro Forma Combined Statement of Operations**  
**For the Three Months Ended March 31, 2004**  
**(in millions, except per share amounts)**

	<u>TriMas Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Net sales	\$ 260.9	\$ —	\$ 260.9
Cost of sales	(196.3)	—	(196.3)
Selling, general and administrative expenses	(43.7)	1.0 (3)	(42.7)
Loss on dispositions of property and equipment	(0.3)	—	(0.3)
Operating profit	20.6	1.0	21.6
Interest expense	(16.3)	3.6 (5)	(12.7)
Other expense, net	(0.3)	—	(0.3)
Income before income tax expense	4.0	4.6	8.6
Income tax expense	(1.5)	(1.7)(8)	(3.2)
Net income	<u>\$ 2.5</u>	<u>\$ 2.9</u>	<u>\$ 5.4</u>
Basic income per share	\$ 0.13		
Diluted income per share	\$ 0.13		
Weighted average common shares — basic	20,010,000		
Weighted average common shares — diluted	20,310,491		

**Unaudited Pro Forma Combined Statement of Operations**  
**For the Year Ended December 31, 2003**  
**(in millions, except per share amounts)**

	<u>TriMas Historical</u>	<u>HammerBlow Historical</u>	<u>Highland Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Net sales	\$ 905.4	\$ 10.7	\$ 5.0	\$ —	\$ 921.1
Cost of sales	(673.4)	(6.6)	(3.6)	4.0 (1)	(680.0)
Selling, general and administrative expenses	(175.5)	(2.3)	(1.1)	(0.4)(2)	(174.6)
Loss on dispositions of property and equipment	(20.1)	—	—	4.0 (3)	(20.1)
Impairment of goodwill	(7.6)	—	—	0.3 (4)	(7.6)
Operating profit	28.8	1.8	0.3	—	38.8
Interest expense	(64.8)	(0.3)	(0.1)	15.2 (5)	(50.0)
Other expense, net	(0.5)	(0.2)	—	—(6)	(0.9)
Income (loss) before income tax (expense) benefit	(36.5)	1.3	0.2	(0.2)(7)	(12.1)
Income tax (expense) benefit	5.6	(0.5)	(0.1)	22.9	(3.7)
Net income (loss)	<u>\$ (30.9)</u>	<u>\$ 0.8</u>	<u>\$ 0.1</u>	<u>\$ 14.2</u>	<u>\$ (15.8)</u>
Basic loss per share	\$ (1.54)				\$ ( )
Diluted loss per share	\$ (1.54)				\$ ( )
Weighted average common shares — basic	20,047,090				
Weighted average common shares — diluted	20,047,090				

See notes to Unaudited Pro Forma Financial Information.

25



TRIMAS CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

The Unaudited Pro Forma Combined Statement of Operations for the three months ended March 31, 2004 includes adjustments necessary to reflect this offering and the use of proceeds therefrom to redeem senior subordinated notes as if it had occurred on January 1, 2004. The Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 2003 includes adjustments necessary to reflect the estimated effect of the HammerBlow and Highland acquisitions, this offering and the use of proceeds therefrom to redeem senior subordinated notes as if they had occurred on January 1, 2003. The debt redemption premium associated with the use of proceeds from this offering of approximately \$14.4 million at January 1, 2004 and January 1, 2003, the amortization of deferred debt issuance costs eliminated as a result of the use of proceeds of this offering of approximately \$5.4 million at January 1, 2004 and \$6.2 million at January 1, 2003, and \$8.0 million at January 1, 2004 and January 1, 2003 expected to be paid to terminate the Heartland Advisory Agreement, all of which will be included as charges in the statement of operations in the period in which the offering is consummated, have been excluded from this pro forma analysis because these charges will not be recurring.

For purposes of the Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 2003, the results for HammerBlow and Highland prior to the acquisition dates of January 30, 2003, and February 21, 2003, respectively, are separately presented. Subsequent to the acquisition dates, the results of HammerBlow and Highland are included in our results of operations.

Pro Forma Adjustments

1. Reflects adjustment to eliminate the cost of sales effect of a \$4.0 million inventory write-up recorded as a result of the HammerBlow and Highland acquisitions.
2. Reflects increased depreciation and amortization of \$0.4 million related to the step-up of property and equipment and identified intangibles to estimated fair values, based on estimated remaining useful lives at the date of acquisition ranging from three to forty years.
3. Reflects adjustment to eliminate the \$4.0 million annual monitoring fee paid to Heartland that will be terminated in connection with consummation of this offering.
4. Reflects adjustment to eliminate management fees charged by the former owners of Highland and HammerBlow and amortization of prior transaction costs capitalized (\$0.2 million) and record one month of fees for providing shared services to a previously related entity under a management agreement with the former owners of HammerBlow.
5. Reflects adjustment to reduce interest expense and amortization of debt issuance costs associated with retirement of \$146.2 million of senior subordinated notes using proceeds of the offering.
6. Reflects adjustment to eliminate historical interest expense from the books of HammerBlow and Highland (\$0.3 million) and to record 1.5 months interest expense of \$0.3 million on the Revolver to finance the acquisition of Highland.
7. Reflects adjustment to record loss on sale of receivables under the accounts receivable securitization facility used to partially finance the acquisition of HammerBlow.
8. To reflect the estimated tax effect of the above adjustments at an effective statutory tax rate of 38%.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
March 31, 2004  
(in thousands, except share amounts)

	TriMas Historical	Offering Adjustments	Pro Forma Basis
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,920	\$ (6,600)(1)	\$ 320
Receivables	108,260	—	108,260
Inventories	136,620	—	136,620
Deferred income taxes	11,010	10,800 (5)	21,810
Prepaid expenses and other current assets	11,140	—	11,140
Total current assets	<u>273,950</u>	<u>4,200</u>	<u>278,150</u>
Property and equipment, net	196,860		196,860
Goodwill	658,040	—	658,040
Other intangibles	320,680	—	320,680
Other assets	60,540	(5,420)(2)	55,120
Total assets	<u>\$1,510,070</u>	<u>\$ (1,220)</u>	<u>\$1,508,850</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:			
Current maturities, long-term debt	\$ 3,300	\$ —	\$ 3,300
Accounts payable	104,560	—	104,560
Accrued liabilities	75,330	—	75,330
Due to Metaldyne	3,560	—	3,560
Total current liabilities	<u>186,750</u>	<u>—</u>	<u>186,750</u>
Long-term debt	731,280	(145,600)(3)	585,680
Deferred income taxes	150,580	—	150,580
Other long-term liabilities	36,620	—	36,620
Due to Metaldyne	6,570	—	6,570
Total liabilities	<u>1,111,800</u>	<u>(145,600)</u>	<u>966,200</u>

Commitments and contingencies (Note 9)			
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: 20,010,000 shares	200	—	200
Paid-in capital	399,460	162,000 (4)	561,460
Retained deficit	(35,700)	(17,620)(5)	(53,320)
Accumulated other comprehensive income	34,310	—	34,310
Total shareholders' equity	398,270	144,380	542,650
Total liabilities and shareholders' equity	<u>\$1,510,070</u>	<u>\$ (1,220)</u>	<u>\$1,508,850</u>

27

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**  
December 31, 2003  
(in thousands, except share amounts)

	<u>TriMas Historical</u>	<u>Offering Adjustments</u>	<u>Pro Forma Basis</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,780	\$ (6,600)(1)	\$ 180
Receivables	118,970	—	118,970
Inventories	124,090	—	124,090
Deferred income taxes	10,900	10,860 (5)	21,760
Prepaid expenses and other current assets	<u>8,440</u>	<u>—</u>	<u>8,440</u>
Total current assets	269,180	4,260	273,440
Property and equipment, net	187,420	—	187,420
Goodwill	658,900	—	658,900
Other intangibles, net	322,750	—	322,750
Other assets	61,780	(5,590)(2)	56,190
Total assets	<u>\$1,500,030</u>	<u>\$ (1,330)</u>	<u>\$1,498,700</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities:			
Current maturities, long-term debt	\$ 10,920	\$ —	\$ 10,920
Accounts payable	94,130	—	94,130
Accrued liabilities	75,100	—	75,100
Due to Metaldyne	4,400	—	4,400
Total current liabilities	<u>184,550</u>	<u>—</u>	<u>184,550</u>
Long-term debt	725,060	(145,600)(3)	579,460
Deferred income taxes	149,030	—	149,030
Other long-term liabilities	37,770	—	37,770
Due to Metaldyne	6,960	—	6,960
Total liabilities	<u>1,103,370</u>	<u>(145,600)</u>	<u>957,770</u>
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: 20,010,000 shares	200	—	200
Paid-in capital	399,870	162,000 (4)	561,870
Retained deficit	(38,240)	(17,730)(5)	(55,970)
Accumulated other comprehensive income	34,830	—	34,830
Total shareholders' equity	<u>396,660</u>	<u>144,270</u>	<u>540,930</u>
Total liabilities and shareholders' equity	<u>\$1,500,030</u>	<u>\$ (1,330)</u>	<u>\$1,498,700</u>

28

**TRIMAS CORPORATION**  
**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**

The Unaudited Pro Forma Consolidated Balance Sheets for the three months ended March 31, 2004 and the year ended December 31, 2003 include adjustments necessary to reflect the estimated effect of this offering as if it had occurred as of March 31, 2004 and December 31, 2003, respectively.

**Pro Forma Adjustments**

- Reflects net adjustment for residual cash proceeds of the offering (\$3.4 million) which, when combined with available cash balances, fund a \$10.0 million payment to Heartland for services related to this offering and to discontinue payment of the \$4.0 million annual fee under the Heartland Advisory Agreement.
- Reflects adjustment to eliminate deferred debt insurance costs associated with retirement of \$146.2 million of senior subordinated notes using proceeds of the offering.
- Reflects adjustment for retirement of senior subordinated notes, net of unamortized discount and premium, using proceeds of this offering.
- Adjustment to reflect proceeds of the offering, net of related expenses.

5. Reflects adjustment for costs associated with redemption premium of \$14.4 million to retire \$146.2 million of senior subordinated notes, \$6.0 million and \$6.2 million expense related to deferred debt issuance costs and net amortized discount/premium at March 31, 2004 and December 31, 2003, respectively, and \$8.0 million expense related to discontinuation of the \$4.0 million annual fee paid under the Heartland Advisory Agreement, net of related tax benefit.

### SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth our selected historical financial data for the five years ended December 31, 2003 and the three months ended March 31, 2004 and March 30, 2003. The financial data for the fiscal years ended December 31, 2003, 2002 and 2001 have been derived from our audited financial statements and notes to those financial statements included elsewhere in this prospectus. The financial statements for the year ended December 31, 2003 have been audited by KPMG LLP, and the financial statements for the years ended December 31, 2002 and 2001 have been audited by PricewaterhouseCoopers LLP. The financial data for the fiscal years ended December 31, 2000 and 1999 were derived from our historical financial statements, as revised for the acquisition of Fittings, not included in this prospectus. The selected information for the three months ended March 31, 2004 and March 30, 2003 has been derived from our unaudited interim financial statements and the notes to those financial statements, which, in the opinion of management, include all adjustments which are normal and recurring in nature, necessary for the fair presentation of that data for such periods.

In reviewing the following information, it should be noted that on June 6, 2002, Metaldyne issued approximately 66% of our then fully diluted common equity to an investor group led by Heartland. We did not establish a new basis of accounting as a result of this common equity issuance due to the continuing contractual control by Heartland. Our combined financial information for the periods prior to June 6, 2002 includes allocations and estimates of direct and indirect Metaldyne corporate administrative costs attributed to us, which are deemed by management to be reasonable but are not necessarily reflective of the costs which we thereafter incurred or may incur on an ongoing basis. Prior to June 6, 2002, we were wholly-owned by Metaldyne. On November 28, 2000, Metaldyne was acquired by an investor group led by Heartland. The pre-acquisition basis of accounting for periods prior to November 28, 2000 is reflected on the historical basis of accounting and all periods subsequent to November 28, 2000 are reflected on a purchase accounting basis and are therefore not comparable.

In addition, we acquired three significant businesses during 2003: (1) HammerBlow Acquisition Corp. on January 30, 2003, (2) Highland Group Corporation on February 21, 2003 and (3) an automotive manufacturing business from Metaldyne, which we refer to as the Fittings acquisition, on May 9, 2003. The historical financial information for 2003 includes the results of the HammerBlow and Highland businesses subsequent to the date of their acquisition. The Fittings acquisition was accounted for as a reorganization of entities under common control because of Heartland's interests in Metaldyne and us. As a result, historical periods have been revised to include the effects of the Fittings acquisition as if Fittings had been owned by us for all periods presented. The adjusted selected balance sheet data reflects the impact of the offering as if it had occurred December 31, 2003. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited financial statements included elsewhere in this prospectus.

	Post-Acquisition Basis					Pre-Acquisition Basis			
	Three months ended March 31, 2004	Three months ended March 30, 2003	Last twelve months ended March 31, 2004	Year ended December 31, 2003	Year ended December 31, 2002	Year ended December 31, 2001	11/28/2000-12/31/2000	1/1/2000-11/27/2000	Year ended December 31, 1999
(in thousands)									
<b>Statement of Operations Data:</b>									
Net sales	\$ 260,900	\$ 217,970	\$ 948,330	\$ 905,400	\$ 750,250	\$ 748,400	\$ 51,600	\$ 758,920	\$ 793,930
Cost of sales	196,290	162,480	707,240	673,430	555,660	546,960	37,870	540,110	534,490
Gross profit	64,610	55,490	241,090	231,970	194,590	201,440	13,730	218,810	259,440
Selling, general and administrative	43,710	38,370	180,860	175,520	124,980	132,740	13,360	122,820	136,280
Loss on dispositions of property and equipment	250	12,150	8,210	20,110	1,800	1,400	330	70	110
Impairment of goodwill	—	—	7,600	7,600	—	—	—	—	—
Operating profit	20,650	4,970	44,420	28,740	67,810	67,300	40	95,920	123,050
(in thousands, except per share amounts)									
<b>Net income (loss) (1)</b>									
	2,540	(7,020)	(21,370)	(30,930)	(34,760)	(11,170)	(4,610)	21,450	37,680
<b>Per Share Data:</b>									
<b>Basic:</b>									
Income (loss) per share	\$ 0.13	\$ (0.35)		\$ (1.54)					
Weighted average shares	20,010,000	20,072,230		20,047,090					
<b>Diluted:</b>									
Income (loss) per share	\$ 0.13	\$ (0.35)		\$ (1.54)					
Weighted average shares	20,310,491	20,072,230		20,047,090					
<b>Other Financial Data:</b>									
Depreciation and amortization	\$ 10,230	\$ 11,130	\$ 53,950	\$ 54,850	\$ 39,720	\$ 54,730	\$ 4,490	\$ 39,240	\$ 39,140
Capital expenditures	14,820	4,670	41,840	31,690	33,990	19,090	3,260	21,490	45,090
<b>Statement of Cash Flows Data:</b>									
<b>Cash flow provided by (used for):</b>									
operating activities	21,630	47,830	15,160	41,360	(22,000)	78,710	18,950	111,740	59,670
investing activities	(20,050)	(163,300)	(18,030)	(161,280)	(39,090)	(13,020)	(5,730)	(38,560)	(47,640)
financing activities	(1,440)	45,690	(20,870)	26,260	157,750	(68,970)	(12,600)	(79,160)	(20,330)
<b>Selected Balance Sheet Data:</b>									
Total assets	\$ 1,510,070	1,542,640		\$ 1,500,030	\$ 1,426,060	\$ 1,281,600	\$ 1,378,030	\$ 1,211,030	\$ 1,260,360
Total debt	734,580	718,550		735,980	696,180	440,760	472,920	461,300	520,560

- (1) Effective January 1, 2002, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets," and discontinued amortization of goodwill. We completed the transitional test for impairment of goodwill in the second quarter of 2002, which resulted in a non-cash after-tax charge of \$36.6 million related to our industrial fasteners business. Net income (loss) would have increased by approximately \$13.6 million, \$1.1 million, \$17.7 million and \$18.9 million in the periods ended December 31, 2001, December 31, 2000, November 27, 2000 and December 31, 1999, respectively, if goodwill amortization was excluded.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations covers periods prior and subsequent to our separation from Metaldyne and the HammerBlow, Highland and Fittings acquisitions. Accordingly, the discussion and analysis of historical operations during the periods prior to each of these events do not reflect their significant impact on us. In addition, 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 the "Risk Factors" section. Our actual results may differ materially from those contained in or implied by any forward-looking statements. You should read the following discussion together with the sections entitled "Risk Factors," "Unaudited Pro Forma Financial Information," "Selected Historical Financial Data" and our historical combined financial statements included elsewhere in this prospectus.*

### Introduction

We are an industrial manufacturer of highly engineered products serving niche markets in a diverse range of commercial, industrial and consumer applications. We have four operating segments: Rieke Packaging Systems, Cequent Transportation Accessories, Industrial Specialties and Fastening Systems. In reviewing our financial results for the past several years, consideration should be given to certain critical events, particularly our separation from Metaldyne in June 2002 and subsequent acquisitions and recent consolidation, integration and restructuring efforts.

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

Our results of operations depend upon general economic conditions and we serve some customers in highly cyclical industries that are themselves adversely impacted by unfavorable economic conditions. There is some seasonality in our Cequent segment business as well. Sales of towing and trailer products within Cequent are generally stronger in the second and third quarters, as trailer OEMs, distributors and retailers acquire product for the spring/summer selling season. No other operating segment experiences significant seasonal fluctuation in its business. We do not consider backlog orders to be a material factor in our business. A growing portion of our sales may be derived from international sources, which exposes us to certain risks, including currency risks.

Although we have not experienced significant fluctuations in raw materials costs which materially impacted our profitability, we are sensitive to price movements in our raw materials supply base. Our largest raw materials purchases are for steel, polyethylene and other resins. We have recently experienced increasing costs of steel and we are working with our suppliers to manage cost pressures and disruptions in supply. Additionally, we have initiated pricing programs to pass increased steel costs to customers, although we may experience a delay in our ability to implement price increases and recover such increased costs. We will continue to take actions as necessary to manage risks associated with increasing steel costs. However, we may experience increased costs or disruptions in supply over the remainder of the year or longer, we may not be able to pass along such higher cost to our customers in the form of price increases and such increased costs may adversely impact our earnings. We have substantial debt, interest and lease payment requirements that may restrict our future operations and impair our ability to meet our obligations and, in a rising interest rate environment, our performance may be adversely affected by our degree of leverage.

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**Our June 2002 Recapitalization and Separation from Metaldyne.** On June 6, 2002, we undertook a recapitalization that resulted in our separation from Metaldyne. Heartland and other investors invested approximately \$265.0 million in us and acquired approximately 66% of our fully diluted common stock. Metaldyne retained or received approximately 34% of our fully diluted common stock. As part of this recapitalization (1) we entered into a new credit facility that then consisted of a \$150.0 million revolving credit facility and a \$260.0 million term loan facility, (2) we entered into a new \$125.0 million receivables facility and (3) we issued approximately \$352.8 million in aggregate principal amount of 9 7/8% senior subordinated notes due 2012. We used the proceeds from these financings to pay a cash dividend to Metaldyne that had been declared immediately prior to the recapitalization and to repay our obligations in respect of Metaldyne financing arrangements. These obligations included borrowings attributable to our subsidiaries under the Metaldyne credit agreement, debt that our subsidiaries owed to Metaldyne and its other subsidiaries and outstanding balances related to receivables that we originated and sold under the Metaldyne receivables facility. In sum, we declared and paid a cash dividend to Metaldyne equal to \$840.0 million, less the aggregate amount of such debt repayment and receivables repurchase.

See the information under the headings "Description of Our Debt" for information on our current credit facility terms and "Certain Relationships and Related Party Transactions" for additional information concerning the June 2002 transactions.

**Our Recent Acquisitions.** Since our separation from Metaldyne in June 2002, we have completed seven acquisitions. The most significant of these were the HammerBlow, Highland and Fittings acquisitions. We also completed four smaller acquisitions, Haun Engine in August 2002, Cutting Edge Technologies in January 2003, Chem-Chrome in October 2003, and Bargman in January 2004.

On January 30, 2003, for our Cequent segment, we acquired all of the capital stock of HammerBlow Acquisition Corp., a manufacturer and distributor of towing, trailer and other vehicle accessories throughout North America for a purchase price of approximately \$145.2 million (including a previous investment of \$9.0 million that we had made). Of this amount, \$7.2 million of the purchase price was deferred and paid in January

2004. On a pro forma basis to take into account its own prior acquisitions, HammerBlow had annual sales of approximately \$109.5 million for the twelve months ended November 30, 2002.

On February 21, 2003, for our Cequent segment, we acquired all of the capital stock of Highland Group Corporation, a manufacturer of cargo management and vehicle protection products, for a purchase price of approximately \$73.5 million. For the year ended December 31, 2002, Highland had net sales of approximately \$49.2 million.

On May 9, 2003, within our Fastening Systems segment, we acquired an automotive fasteners manufacturing business from Metaldyne, a related party, for approximately \$22.7 million on a debt-free basis. We refer to this acquisition as the "Fittings acquisition." In connection with the Fittings acquisition, we agreed to sublease Metaldyne's Livonia, Michigan facility, at which the acquired business was and is located. The acquired business had revenues of approximately \$16.7 million in 2002. Because we and Metaldyne are under the common control of Heartland, this transaction was accounted for as a reorganization of entities under common control and, accordingly, we did not establish a new basis of accounting in the assets or liabilities of the Fittings business. Our reported results for prior periods have been revised to include the financial results of the Fittings business, including the allocation of certain charges to the Fittings business. Examples of such allocations include amounts charged or allocated by Metaldyne for corporate-level services and interest expense attributable to Fittings. See "Related Party Transactions."

**Recent and Anticipated Consolidation, Integration and Restructuring Activities.** We have undertaken significant consolidation, integration and other cost savings programs to enhance our efficiency and achieve cost reduction opportunities arising from our acquisitions. Our programs involve a number of major projects and other smaller initiatives to eliminate duplicative and excess manufacturing and distribution facilities, sales forces, and back office and other support functions. The aggregate costs of these actions for 2001, 2002 and 2003 were approximately \$7.4 million, \$5.4 million and \$15.4 million, respectively and for the three months ended March 31, 2004 and March 30, 2003

33

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we were approximately \$5.4 million and \$3.4 million respectively. We estimate that we will incur approximately \$18.0 million of costs in 2004. We believe all of these costs are warranted by the anticipated future benefits of these actions. In 2004, we will continue to focus on establishing our stand alone corporate office. With the expiration on December 31, 2003 of the shared services agreement between Metaldyne and us, we will handle internally the tax, benefit administration and environmental and safety services formerly provided by Metaldyne. We have hired an internal audit director, a tax manager, a director of environmental, health and safety and established a standalone human resources compensation and benefits function. We anticipate increased corporate office expense of approximately \$0.7 million as a result of these and other actions.

The key elements and status of our consolidation, integration and other cost-savings programs are summarized below:

**General:**

- In 2001, we effected a 10% headcount reduction in aggregate across our segments by consolidating various overlapping distribution, sales, back office and other functions and closing certain plants and merging their operations into other facilities; and
- We reduced costs by harmonizing numerous retirement plans and incentive compensation and service award plans that were the legacy of many acquisitions. Effective January 1, 2003, these actions have been completed.

**Cequent Transportation Accessories:**

- In 2001, we consolidated an acquired trailer products manufacturing plant into an existing facility and we reduced the number of towing products regional warehouse service centers from 11 to five.
- In 2002, our electrical products manufacturing plant in Indiana was closed and consolidated into an existing lower cost contract manufacturing plant in Mexico. In addition, as part of an integration and consolidation plan that was executed in the second half of 2002, two towing products manufacturing facilities, each with its own separate master distribution warehouse, were consolidated into a single manufacturing and master warehouse facility in Goshen, Indiana. We finalized these actions, including receipt of proceeds from real estate disposals of the closed facilities, during 2003.
- In 2003, we began integrating facilities that were acquired from HammerBlow and Highland. In the third quarter of 2003, we closed one of the HammerBlow towing products manufacturing facilities and consolidated its operations into our Goshen, Indiana plant. We began consolidating one of the HammerBlow trailer products manufacturing facility in Wausau, Wisconsin into our Mosinee, Wisconsin facility during the fourth quarter of 2003 and expect to complete this action by the end of the third quarter of 2004.
- In first quarter 2004, we opened a new distribution center in South Bend, Indiana to further consolidate distribution activities and better serve our retail and aftermarket installer, wholesale and distributor customers. We expect to complete the consolidation of distribution activities in South Bend by the end of 2004. Also, in May 2004 we announced our decision to cease manufacturing in Oakville, Ontario and expect to consolidate distribution activities for all Canadian customers in that location. We expect to complete this initiative by end of third quarter 2004.

**Industrial Specialties:**

- In 2001, we began centralizing manufacturing and distribution of some gasket products within a single facility and rationalizing the back office general and administrative support within our branch service centers; and
- In 2003, we began to consolidate two Compac facilities that manufacture pressure-sensitive tape and insulation products into a single facility and we have initiated a capital expenditure program to modernize and provide expansion room for certain projected product growth. We expect these actions to be completed by October 2004.

34

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**Fastening Systems:**

- In 2001, we adopted a multi-step plan for our industrial fasteners products businesses to consolidate five manufacturing plants into three remaining plants. The plant closures were completed by December

31, 2002. We have continued to rationalize the manufacturing capabilities among the three remaining plants during the second quarter of 2003. In 2003, we initiated plans to close our Lakewood, Ohio manufacturing facility and to consolidate these operations at our Frankfort, Indiana facility. This plan will consolidate manufacturing and finishing capabilities of our standard and custom-designed large diameter fasteners and eliminate redundant cost structures. We expect to complete these consolidation activities early in the third quarter of 2004.

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

By selecting Adjusted EBITDA, management believes that it is the best indicator (together with a careful review of the aforementioned items) of our ability to service and/or incur indebtedness as we are a highly leveraged company. We use Adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and the impact of purchase accounting and SFAS No. 142 (affecting depreciation and amortization expense). Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA for business planning purposes, to incent and compensate our management personnel, in measuring our performance relative to that of our competitors and in evaluating acquisition opportunities. In addition, we believe Adjusted EBITDA or similar measures are widely used by investors, securities analysts, ratings agencies and other interested parties as a measure of financial performance and debt-service capabilities. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it does not reflect our cash expenditures for capital equipment or contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- it includes amounts resulting from matters we consider not to be indicative of underlying performance of our fundamental business operations, as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and

35

- other companies, including companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

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

The following is a reconciliation of our Adjusted EBITDA to net income (loss) and cash flows from operating activities for the three months ended March 31, 2004 and March 30, 2003 and the three years ended December 31, 2003:

	Three Months Ended		Last twelve months ended	Year Ended December 31,		
	March 31, 2004	March 30, 2003	March 31, 2004	2003	2002	2001
	(in thousands)					
Net income (loss) before cumulative effect of accounting change	\$ 2,540	\$ (7,020)	\$ (21,370)	\$ (30,930)	\$ 1,870	\$ (11,170)
Income tax expense (benefit)	1,500	(4,610)	520	(5,590)	2,820	1,950
Interest expense	16,310	16,380	64,710	64,780	60,810	73,860
Legacy stock award expense	—	1,270	3,560	4,830	4,310	3,260
Loss on sale-leaseback of property and equipment <sup>(1)</sup>	—	12,540	5,660	18,200	—	—
Goodwill impairment	—	—	7,600	7,600	—	—
Depreciation and amortization	10,230	11,130	53,950	54,850	39,720	54,730
Adjusted EBITDA <sup>(1)</sup>	\$ 30,580	\$ 29,690	\$ 114,630	\$113,740	\$109,530	\$122,630
Interest paid <sup>(2)</sup>	(5,060)	(3,800)	(62,970)	(61,710)	(58,660)	(73,860)
Taxes paid <sup>(2)</sup>	(2,000)	(1,160)	(9,340)	(8,500)	(9,600)	7,160
Legacy stock award expense paid <sup>(2)</sup>	(5,400)	(4,560)	(5,400)	(4,560)	(70)	(3,260)
Loss (gain) on dispositions of plant and equipment <sup>(1)</sup>	250	(390)	2,550	1,910	1,800	1,400
Payments to Metaldyne to fund contractual liabilities	(1,980)	(4,570)	(3,780)	(6,370)	(15,130)	—
Receivables securitization, net	56,890	57,430	(540)	—	(59,980)	4,570
Inventory writedown	—	—	—	—	8,500	—
Net change in working capital	(51,650)	(24,810)	(19,990)	6,850	1,610	20,070
Cash flows provided by (used in) operating activities	\$ 21,630	\$ 47,830	\$ 15,160	\$ 41,360	\$ (22,000)	\$ 78,710

(1) These sale-leaseback transactions were of a financing nature and the proceeds were used to reduce indebtedness. The lease transactions are accounted for as operating leases. For the three months ended March 31, 2004 and the year ended December 31, 2003, Adjusted EBITDA was lower by \$2.5 million and \$6.2 million, respectively, for lease payments related to property and equipment that was sold and leased back during the first and second quarter of 2003. If such leases had been in effect for the full year, such lease payments would have resulted in an additional \$3.8 million in lease expense in 2003.

(2) For 2002 and 2001, includes amounts directly paid by the Company and/or (paid) received by Metaldyne and attributed to the Company.

The following details certain items relating to our consolidation, restructuring and integration efforts not eliminated in determining Adjusted EBITDA, but that we would eliminate in evaluating the quality of our Adjusted EBITDA.

	Three Months Ended		Last twelve months ended March 31, 2004	Year Ended December 31,		
	March 31, 2004	March 30, 2003		2003	2002	2001
	(in thousands)					
Facility and business consolidation costs (a)	\$ 3,000	\$ 410	\$ 8,490	\$ 5,900	\$ 4,480	\$ 3,360
Business unit restructuring costs (b)	1,250	120	3,780	2,650	910	4,050
Acquisition integration costs (c)	1,170	2,850	5,130	6,810	—	—
	<u>\$ 5,420</u>	<u>\$ 3,380</u>	<u>\$ 17,400</u>	<u>\$ 15,360</u>	<u>\$ 5,390</u>	<u>\$ 7,410</u>

- (a) Includes employee training, severance and relocation costs, equipment move and plant rearrangement costs associated with facility and business consolidations.
- (b) Principally employee severance costs associated with business unit restructuring and other cost reduction activities.
- (c) Includes equipment move and other facility closure costs, excess and obsolete inventory reserve charges related to brand rationalization, employee training, and other organization costs associated with the integration of acquired operations. Also includes a non-cash expense of \$2.3 million and \$4.0 million for the three months ended March 30, 2003 and the year

36

ended December 31, 2003, respectively, that will not be recurring associated with the step-up in basis of inventory acquired in connection with the acquisitions of HammerBlow and Highland.

### Segment Information and Supplemental Analysis

The following table summarizes financial information for our four current operating segments for the three months ended March 31, 2004 and March 30, 2003:

	Three Months Ended			
	March 31, 2004	As a Percentage of Net Sales	March 30, 2003	As a Percentage of Net Sales
	(in thousands)			
<b>Net Sales:</b>				
Rieke Packaging Systems	\$ 30,370	—	\$ 30,270	—
Cequent Transportation Accessories	129,480	—	98,890	—
Industrial Specialties	62,360	—	53,830	—
Fastening Systems	38,690	—	34,980	—
Total	<u>\$ 260,900</u>	<u>—</u>	<u>\$ 217,970</u>	<u>—</u>
<b>Gross Profit:</b>				
Rieke Packaging Systems	\$ 10,610	34.9%	\$ 11,530	38.1%
Cequent Transportation Accessories	35,480	27.4%	24,150	24.4%
Industrial Specialties	16,080	25.8%	13,730	25.5%
Fastening Systems	2,700	7.0%	6,080	17.4%
Allocated expenses/Corporate expenses	(260)	—	—	—
Total	<u>\$ 64,610</u>	<u>24.8%</u>	<u>\$ 55,490</u>	<u>25.5%</u>
<b>Selling, General and Administrative:</b>				
Rieke Packaging Systems	\$ 4,620	15.2%	\$ 3,950	13.0%
Cequent Transportation Accessories	20,890	16.1%	16,020	16.2%
Industrial Specialties	8,380	13.4%	7,570	14.1%
Fastening Systems	4,310	11.1%	4,880	14.0%
Allocated expenses/Corporate expenses	5,510	—	5,950	—
Total	<u>\$ 43,710</u>	<u>16.8%</u>	<u>\$ 38,370</u>	<u>17.6%</u>
<b>Operating Profit:</b>				
Rieke Packaging Systems	\$ 5,950	19.6%	\$ 6,740	22.3%
Cequent Transportation Accessories	14,330	11.1%	6,990	7.1%
Industrial Specialties	7,690	12.3%	(10)	—
Fastening Systems	(1,550)	(4.0)%	(2,970)	(8.5)%
Allocated expenses/Corporate expenses	(5,770)	—	(4,510)	—
Legacy stock award expense (1)	—	—	(1,270)	—
Total	<u>\$ 20,650</u>	<u>7.9%</u>	<u>\$ 4,970</u>	<u>2.3%</u>

37

The following table summarizes financial information for our four current operating segments for the three years ended December 31, 2003:

	Year Ended December 31,					
	2003	As a Percentage of Net Sales	2002	As a Percentage of Net Sales	2001	As a Percentage of Net Sales
	(in millions)					
<b>Net Sales:</b>						
Rieke Packaging Systems	\$ 119.1	—	\$ 109.1	—	\$ 105.3	—
Cequent Transportation Accessories	427.4	—	282.4	—	264.7	—
Industrial Specialties	217.9	—	209.3	—	218.8	—
Fastening Systems	141.0	—	149.5	—	159.6	—
Total	<u>\$ 905.4</u>	<u>—</u>	<u>\$ 750.3</u>	<u>—</u>	<u>\$ 748.4</u>	<u>—</u>
<b>Gross Profit:</b>						
Rieke Packaging Systems	\$ 44.2	37.1%	\$ 41.1	37.7%	\$ 37.9	36.0%
Cequent Transportation Accessories	113.8	26.6%	79.7	28.2%	75.6	28.6%

Industrial Specialties	54.5	25.0%	51.7	24.7%	54.4	24.9%
Fastening Systems	<u>19.5</u>	<u>13.8%</u>	<u>22.1</u>	<u>14.8%</u>	<u>33.5</u>	<u>21.0%</u>
Total	<u>\$ 232.0</u>	<u>25.6%</u>	<u>\$ 194.6</u>	<u>25.9%</u>	<u>\$ 201.4</u>	<u>26.9%</u>

**Selling, General and Administrative:**

Rieke Packaging Systems	\$ 17.7	14.9%	\$ 14.1	12.9%	\$ 16.3	15.5%
Cequent Transportation Accessories	73.7	17.2%	47.9	17.0%	50.7	19.2%
Industrial Specialties	33.3	15.3%	28.2	13.5%	33.8	15.4%
Fastening Systems	24.9	17.7%	18.0	12.0%	21.2	13.3%
Allocated expenses/Corporate expenses	<u>25.9</u>	<u>—</u>	<u>16.8</u>	<u>—</u>	<u>10.7</u>	<u>—</u>
Total	<u>\$ 175.5</u>	<u>19.4%</u>	<u>\$ 125.0</u>	<u>16.7%</u>	<u>\$ 132.7</u>	<u>17.7%</u>

**Loss (Gain) on Dispositions of Property and Equipment:**

Rieke Packaging Systems	\$ 1.2	—	\$ 0.3	—	\$ 0.3	—
Cequent Transportation Accessories	2.7	—	0.1	—	(1.4)	—
Industrial Specialties	6.1	—	0.5	—	0.4	—
Fastening Systems	10.6	—	0.9	—	2.1	—
Corporate	<u>(0.5)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 20.1</u>	<u>—</u>	<u>\$ 1.8</u>	<u>—</u>	<u>\$ 1.4</u>	<u>—</u>

**Operating Profit:**

Rieke Packaging Systems	\$ 25.3	21.2%	\$ 26.7	24.5%	\$ 21.3	20.2%
Cequent Transportation Accessories	37.4	8.8%	31.7	11.2%	26.3	9.9%
Industrial Specialties	7.5	3.4%	23.0	11.0%	20.2	9.2%
Fastening Systems	(16.0)	(11.3)%	3.2	2.1%	10.2	6.4%
Allocated expenses/Corporate expenses	<u>(25.4)</u>	<u>—</u>	<u>(16.8)</u>	<u>—</u>	<u>(10.7)</u>	<u>—</u>
Total	<u>\$ 28.8</u>	<u>3.2%</u>	<u>\$ 67.8</u>	<u>9.0%</u>	<u>\$ 67.3</u>	<u>9.0%</u>

**Capital Expenditures:**

Rieke Packaging Systems	\$ 11.3	9.5%	\$ 10.7	9.8%	\$ 3.7	3.5%
Cequent Transportation Accessories	7.4	1.7%	12.3	4.4%	5.4	2.0%
Industrial Specialties	5.6	2.6%	4.2	2.0%	3.5	1.6%
Fastening Systems	7.2	5.1%	6.3	4.2%	6.5	4.1%
Corporate	<u>0.2</u>	<u>—</u>	<u>0.5</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 31.7</u>	<u>3.5%</u>	<u>\$ 34.0</u>	<u>4.5%</u>	<u>\$ 19.1</u>	<u>2.6%</u>

**Results of Operations**

**Three Months Ended March 31, 2004 Compared with Three Months Ended March 30, 2003**

The principal factors impacting us during the three months ended March 31, 2004 compared with the three months ended March 30, 2003 were:

- (1) a stronger economy in 2004 which increased end user demand across all of our business segments;
- (2) continued restructuring and consolidation of certain businesses in our Fastening Systems and Industrial Specialties segments; and
- (3) the HammerBlow and Highland acquisitions in the first quarter of 2003.

Net sales increased \$42.9 million, or approximately 19.7%, for the three months ended March 31, 2004 as compared with the three months ended March 30, 2003. Of this increase, \$24.2 million is due to organic growth and the favorable effects of a weaker U.S. dollar. The remaining \$18.7 million increase is the result of including a full quarter's activity related to HammerBlow and Highland, which were acquired during the first quarter of 2003, and the acquisition of Bargman in January 2004. Rieke's net sales were unchanged as the favorable effects of currency exchange were approximately offset by reduced sales of rings and levers to a customer in Europe as well as lower sales of plugs and other dispensing products in North America resulting from a change in the timing of certain of our customers' promotional activities. Cequent's net sales increased \$30.6 million, or approximately 30.9%, for the first quarter of 2004 as compared with the first quarter of 2003. This increase is due to strong early order activity and customer inventory builds for the spring selling season, which reflect improved consumer demand and overall economic conditions. Cequent's sales in the first quarter of 2004 also benefited from the impact of the acquisitions of HammerBlow, Highland and Bargman. Net sales within our Industrial Specialties segment increased \$8.5 million, or approximately 15.8%, for the first quarter of 2004 as compared with the first quarter of 2003 due to improved demand across all businesses in that segment, most notably Lamons, Compac and Norris Cylinder. Net sales within our Fastening Systems segment increased \$3.7 million, or approximately 10.6% for the first quarter of 2004 as compared with the first quarter of 2003 due to improved demand for that segment's aerospace fasteners and large diameter bolts used in the heavy truck, construction and agricultural industry markets.

Gross profit margins (gross profit as a percentage of sales) approximated 24.8% and 25.5% for the three months ended March 31, 2004 and March 30, 2003, respectively. Cequent's gross profit margin improved from approximately 24.4% in the first quarter of 2003 to approximately 27.4% in the first quarter of 2004 because Cequent benefited from higher sales activity and improved operating leverage as a result of further integration of the HammerBlow and Highland acquisitions and completion of plant consolidation activities at its Goshen facility in the first half of 2003. This increase at Cequent was more than offset by declines in gross profit margins at Rieke and Fastening Systems segments. The decline at Rieke resulted from one-time costs associated with the ramp-up of a new manufacturing facility in China. The decline at our Fastening Systems segment was due to costs associated with the shut down and consolidation of our Lakewood, Ohio facility into our remaining manufacturing plants. Gross profit margins within our Industrial Specialties segment in the first quarter of 2004 and 2003 were unchanged.

Operating profit margins (operating profits as a percentage of sales) approximated 7.9% and 2.3% for the quarter ended March 31, 2004 and March 30, 2003, respectively. Operating profit at Rieke declined \$0.8 million for the first quarter of 2004 as compared with the first quarter of 2003 due to the plant start-up costs in China as well as new product launch costs related to the introduction of eight new consumer products in the first quarter of 2004, offset by approximately \$0.8 million of non-cash losses associated with the sale-leaseback of equipment in



the first quarter of 2003. At Cequent, operating profit increased \$7.3 million for the first quarter of 2004 as compared with the first quarter of 2003 primarily due to higher sales volumes, increased operating efficiencies as a result of completing plant consolidation activities in 2003 at our Goshen, Indiana and Reynosa, Mexico operations and lower costs associated with plant restructuring and acquisition integration activities.

Operating profit in the first quarter of 2003 was also reduced by approximately \$1.1 million of non-cash losses associated with the sale-leaseback of equipment. Within the Industrial Specialties segment, operating profit increased \$7.7 million for the first quarter of 2004 as compared with the first quarter of 2003 as the segment benefited from higher overall sales and lower operating costs as a result of branch consolidation activities at Lamons and productivity improvements within Compac. Operating profit in first quarter of 2003 also reflected approximately \$6.2 million of non-cash losses associated with the sale-leaseback of equipment at Compac and Norris Cylinder. Within Fastening Systems, the operating loss decreased approximately \$1.4 million for the first quarter of 2004 from an operating loss of \$3.0 million for the quarter ended March 30, 2003 to an operating loss of \$1.6 million in the first quarter of 2004. This change was due primarily to approximately \$4.4 million of non-cash losses in the first quarter of 2003 related to the sale-leaseback of property and equipment, offset by closure and other related costs resulting from the consolidation of its Lakewood, Ohio plant into remaining facilities in Frankfort, Indiana and Wood Dale, Illinois during the first quarter of 2004.

**Rieke Packaging Systems.** Net sales for the quarter ended March 31, 2004 were unchanged compared with the quarter ended March 30, 2003. A \$1.6 million favorable impact of foreign currency exchange on sales in the first quarter of 2004 was offset by reduced sales of rings and levers to a customer in Europe and lower sales of plugs and other dispensing products in North America resulting from a change in the timing of certain customers promotional activities. Also, in first quarter 2003, Rieke experienced increased sales to customers that supply food products to the U.S. Government for aid programs to Afghanistan, Iraq and other countries, which did not recur at the same levels in the first quarter of 2004.

Rieke's gross profit margin declined to approximately 34.9% for the quarter ended March 31, 2004 from 38.1% for the quarter ended March 30, 2003. This decrease is due primarily to costs associated with the ramp-up of a new manufacturing facility in Hangzhou, China, and higher costs related to the launch of eight new products in North America.

Rieke's selling, general and administrative costs increased \$0.7 million during the quarter ended March 31, 2004 as compared with the first quarter of 2003, due primarily to higher costs related to new product launch activities, employee severance and maintaining compliance with various health and safety requirements at a European manufacturing facility.

Overall, Rieke's operating profit margin decreased to approximately 19.6% for the quarter ended March 31, 2004 as compared with the first quarter of 2003, due primarily to start-up costs at our new manufacturing facility in China, higher new product launch costs, severance costs and costs related to compliance with facility health and safety requirements.

**Cequent Transportation Accessories.** Net sales increased \$30.6 million, or approximately 30.9%, to \$129.5 million for the quarter ended March 31, 2004 compared to \$98.9 million for the first quarter of 2003. \$4.8 million of this increase is attributed to currency exchange as Cequent's reported results in U.S. dollars benefited from a stronger Australian and Canadian dollar in the first quarter of 2004. Excluding the impact of currency exchange and recent acquisitions, Cequent's sales increased \$7.1 million, or approximately 7.2%, as a result of improved consumer sentiment and overall economic outlook. The remaining \$18.7 million sales increase is the result of including a full quarter's activity related to HammerBlow and Highland, which were acquired in 2003, and the acquisition of Bargman in January 2004. In the first quarter 2003, Cequent's sales of towing products were negatively impacted by production constraints at our Goshen facility due to plant consolidation activities. This negatively impacted order fill rates and delivery performance and our ability to meet customer sales demand.

Cequent's gross profit margins increased \$11.3 million to approximately 27.4% for the quarter ended March 31, 2004 from approximately 24.4% in the first quarter of 2003. Of this increase, approximately \$7.5 million is attributed to higher sales volumes. Cequent's gross profits were also positively impacted by improved operating efficiencies resulting from completion of the Goshen plant consolidation in the first half of 2003, integration of an acquired HammerBlow manufacturing facility into Goshen in the third quarter 2003 and other integration activities with respect to the operations of HammerBlow and Highland. This enabled Cequent to capitalize on higher sales volumes through improved order fill rates and delivery performance and contributed to the gross margin improvement.

Cequent's restructuring and integration costs decreased from approximately \$2.9 million in first quarter 2003 to \$1.2 million in the first quarter of 2004 because the 2003 amount included a non-cash charge to cost of sales of \$2.3 million related to step-up in basis of inventory as a result of the acquisitions.

Cequent's selling, general and administrative expenses increased by \$4.9 million during the first quarter 2004 compared to the first quarter of 2003 and is primarily due to the first quarter 2003 acquisitions of HammerBlow and Highland and the January 2004 acquisition of Bargman. Selling, general and administrative costs as a percent of sales remained constant between years.

Overall, Cequent's operating profit margin increased from approximately 7.1% for the quarter ended March 30, 2003 to approximately 11.1% for the quarter ended March 31, 2004 due principally to higher sales volumes, improved operating efficiencies and overall lower operating costs.

**Industrial Specialties.** Net sales during the quarter ended March 31, 2004 increased \$8.5 million, or approximately 15.8%, compared to the first quarter of 2003 as a result of improved demand for our products in the commercial construction, energy and petrochemical, general industrial and defense markets, as well as an increased focus on our national sales program during the first quarter 2004. Sales increased at Lamons Gasket due primarily to achieving full run rate levels on a new contract with a major customer. Sales increased at Norris Cylinder due to improved economic conditions in industrial markets. Sales increased at Compac due primarily to higher sales of asphalt-coated products.

Gross profit margins at Industrial Specialties increased slightly to approximately 25.8% for the quarter ended March 31, 2004 from approximately 25.5% for the quarter ended March 30, 2003 due primarily to increased sales volumes. Selling, general and administrative expenses as a percent of sales declined to approximately 13.4% in the first quarter of 2004 from approximately 14.1% for quarter ended March 30, 2003 primarily as a result of branch consolidation activities at Lamons. The benefits of these lower operating costs were offset by increased costs as a result of higher sales volumes and relocation and other costs of \$0.8 million in first quarter 2004 due primarily to the consolidation of Compac's Netcong and Edison, New Jersey facilities to a new facility in Hackettstown, New Jersey.

Operating profit margins at Industrial Specialties increased to approximately 12.3% for the three months ended March 31, 2004 due to increased sales and operating efficiencies, offset by relocation costs associated with the consolidation of Compac's facilities and the fact that the first quarter of 2003 included non-cash losses associated with the sale-leaseback of equipment.

**Fastening Systems.** Net sales for the quarter ended March 31, 2004, increased by \$3.7 million, or approximately 10.6%, compared to the quarter ended March 30, 2003 due to stronger market demand for both aerospace fasteners and large diameter bolts used in the heavy truck, construction and agricultural industries, offset by continued weakness in demand for our industrial fastener products in general distribution channels.

Gross profit margin at Fastening Systems declined to approximately 7.0% in the quarter ended March 31, 2004 from approximately 17.4% for the quarter ended March 30, 2003 due to operational inefficiencies as a result of the shutdown and relocation of our Lakewood, Ohio facility to our existing facilities in Frankfort, Indiana and Wood Dale, Illinois. Gross profits in first quarter of 2004 were also impacted by an estimated \$0.3 million due to higher lease expense as a result of the sale and leaseback of equipment in March 2003 and increased steel costs not able to be recovered through increased pricing to customers.

Selling, general and administrative expenses at Fastening Systems decreased by \$0.6 million in the quarter ended March 31, 2004, from the quarter ended March 30, 2003 due primarily to decreases in recurring selling and back office costs as a result of the workforce reduction and related restructuring actions that were implemented in the second half of 2003.

Overall, operating losses at Fastening Systems declined by \$1.4 million to a \$1.6 million operating loss in the quarter ended March 31, 2004 as compared to an operating loss of \$3.0 million in the quarter ended March 30, 2003. This change was principally attributed to the fact that the first quarter of 2003 included non-cash losses associated with the sale-leaseback of property and equipment, while

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the first quarter of 2004 reflected closure and other costs and decreased productivity as the result of the shutdown and relocation of our Lakewood, Ohio facility into remaining operating facilities, offset in part by lower selling, general and administrative expenses.

**Corporate Expenses and Management Fees.** General and administrative expense at the corporate office decreased by \$0.2 million for the three months ended March 31, 2004 as compared to the three months ended March 30, 2003. The decrease is primarily due to \$1.3 million of legacy restricted stock award expense in 2003 which ended in December 2003, partially offset by an increase of \$0.7 million of compensation and other expense as a result of the increase in personnel related to establishing a stand-alone corporate office.

**Interest Expense.** Interest expense decreased by approximately \$0.1 million for the three months ended March 31, 2004 compared to the three months ended March 30, 2003. The decrease is the result of the timing and amount of borrowings in 2003 related to the acquisitions of HammerBlow and Highland and cash received in sale-leaseback transactions, mostly offset by an increase in our effective interest rate from 4.42% at March 30, 2003 to 4.64% at March 31, 2004.

**Income Taxes.** The effective income tax rate for the first quarter of 2004 and 2003 was 37.1% and 39.6%, respectively. The decrease in the rate is due to the mix of foreign versus domestic taxable income.

#### Year Ended December 31, 2003 Compared with Year Ended December 31, 2002

The principal factors impacting us during the year ended December 31, 2003 compared with the year ended December 31, 2002 were:

- (1) the HammerBlow and Highland acquisitions in early 2003;
- (2) completion of plant consolidation activities within our Cequent segment during the first half of 2003 (which impacted order fill rates and delivery performance);
- (3) continued restructuring and consolidation of certain businesses in our Fastening Systems and Industrial Specialties segments; and
- (4) an overall weak economy across many of our end markets—particularly in the first half of the year.

Net sales increased by \$155.1 million, or approximately 20.7%, in 2003 as compared with 2002. A significant portion of this increase (\$145.0 million) was attributable to the HammerBlow and Highland acquisitions. Excluding the impact of acquisitions, relative to 2002, sales increased approximately \$14.0 million between years as the Company's reported amounts in U.S. dollars benefited from a weaker U.S. dollar. Excluding the effect of currency exchange, increased sales at Rieke were more than offset by a decline in Cequent's sales of towing products in North America due to the aforementioned factors. At the same time, we experienced an \$8.6 million increase in net sales within our Industrial Specialties segment, notably Compac, Norris Cylinder and Arrow Engine, which was offset by an \$8.5 million decline in sales at Fastening Systems. The reduction in sales in Fastening Systems was due principally to continued reduced demand for our industrial fastener products.

Gross profit margins (gross profit as a percentage of sales) approximated 25.6% in 2003 and 25.9% in 2002. The decline in gross profit margin at Cequent from 28.2% in 2002 to 26.6% in 2003 was a result of the integration and restructuring activities referred to under "—Introduction" above. We also experienced a slight decline in gross profit margins at Rieke as a result of new product development costs and launches. These declines were offset by slight improvements at Fastening Systems and Industrial Specialties.

Operating profit margins (operating profits as a percentage of sales) approximated 3.2% for 2003 as compared with 9.0% for 2002. The decline in our margins was principally related to a \$9.1 million increase in corporate expenses due to costs associated with establishing a stand alone corporate office, a full year of the Heartland advisory fee (versus seven months in 2002), \$6.8 million of expenses associated with plant restructuring and integration activities at Cequent, \$8.0 million of increased

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leasing costs, \$20.1 million of non-cash losses attributed principally to the sale-leaseback of property and equipment, the proceeds of which were used for debt service and an incremental \$18.6 million of non-cash charges associated with impairment of goodwill and write-off of other customer intangibles.

**Rieke Packaging Systems.** Net sales increased by \$10.0 million, or 9.2%, as a result of \$7.0 million in new product sales related to closures and dispensing systems for consumer packaging applications and \$6.2 million due to currency translation impact as Rieke's reported U.S. dollar sales of its international operations benefited from a weaker U.S. dollar. This increase in sales was offset in part by \$3.4 million in lower sales related to Rieke industrial closure and other dispensing products sold in North America.

Rieke's gross profit margin declined slightly from 37.7% to 37.1% as a result of increased new product development and related product launch costs as well as slightly higher material costs.

Selling, general and administrative costs at Rieke increased by \$3.6 million as a result of increased expenses of \$0.6 million incurred in connection with the investigation of potential facility sale-leaseback transactions in Europe, \$0.8 million of start-up costs relative to our new manufacturing operation in China, severance costs of \$0.6 million related to headcount reductions and other items totaling \$0.3 million. We also recorded a \$1.2 million non-cash write-off at Rieke related to customer relationship intangibles because Rieke no longer maintains a sales relationship with several customers as a result of business or other financial considerations. Of this amount, \$0.6 million related to two customers that are no longer in business.

Overall, Rieke's operating profit margin declined from 24.5% in 2002 to 21.2% in 2003 as margins from higher sales was more than offset by \$2.2 million in other expenses related to employee severance, start-up costs at our new operation in China, costs incurred in connection with the investigation of potential sale-leaseback transactions in Europe, \$0.8 million of non-cash losses associated with the sale-leaseback of equipment in the U.S. and the \$1.2 million non-cash intangible asset write-off.

**Cequent Transportation Accessories.** Cequent's net sales increased by \$145.0 million from \$282.4 in 2002 to \$427.4 in 2003 million primarily as a result of the HammerBlow and Highland acquisitions. Relative to 2002, approximately \$7.2 million of this amount was attributed to currency translation impact as the Company's reported results in U.S. dollars benefited from a strengthening Australian and Canadian dollar. Excluding the impact of acquisitions and currency translation, Cequent's net sales of towing products in North America declined by approximately \$9.0 million, or 3.1%, from the prior year. This decrease is attributed to: (1) a slower spring selling season due to a weak economic climate and (2) production constraints at our Goshen, Indiana facility resulting from our plant consolidation activities which impacted order fill rates and delivery performance. This was offset in part by an approximate \$2.0 million increase in sales of our trailering products in 2003 compared with 2002. We experienced weakness in demand during the first half of the year in the overall market for towing and trailer accessories, principally in the RV and marine markets and in retail distribution through mass merchandisers and independent retail outlets.

Cequent's gross profit margins declined from 28.2% in 2002 to 26.6% in 2003. This decrease is attributed in part to lower productivity of approximately \$6.8 million as a result of completing the Goshen plant integration and undertaking the integration of the HammerBlow and Highland acquisitions in 2003, including \$0.4 million related to equipment moves, \$0.5 million for employee training and approximately \$1.5 million for integration planning, legal expenses, labor relation costs, travel and other related expenses. In addition, we recorded non-cash charges of \$4 million to cost of sales associated with the step-up in basis of inventory as a result of the acquisitions and \$0.5 million to establish inventory reserves due to brand rationalization. In 2002, we incurred approximately \$3.3 million of expense related to the Goshen consolidation and \$0.7 million of expense related to the consolidation of a lighting plant located in Peru, Indiana into our Reynosa, Mexico facility. In addition, lease expense at Cequent increased by \$2.6 million in 2003, which was partially offset by \$1.0 million of lower depreciation charges in the legacy businesses in 2003 relative to 2002.

Selling, general and administrative expenses at Cequent increased by \$25.8 million primarily as a result of the acquisitions of HammerBlow and Highland. Within our legacy Cequent business, selling,

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general and administrative expenses as a percentage of sales remained constant. Also, we recorded a \$1.9 million non-cash charge to write-off customer relationship intangibles as Cequent no longer maintains a sales relationship with several customers as a result of business or other financial considerations. Of this amount, \$1.5 million related to a customer that is no longer in business.

Overall, Cequent's operating profit margin declined from 11.2% to 8.8% and is due to \$6.8 million of expenses related to the aforementioned plant restructuring and integration activities, \$1.6 million of non-cash losses attributed to the sale-leaseback of equipment and a \$1.9 million intangible asset impairment charge.

**Industrial Specialties.** Net sales increased by \$8.6 million or 4.1%. Sales increases at Compac, Norris Cylinder and Arrow Engine were offset by a sales decrease of \$2.1 million at Lamons and other sales decreases of \$0.7 million in our remaining Industrial Specialties businesses. Overall, sales in the Industrial Specialties segment benefited from improved demand for our products across the commercial construction, energy and petrochemical, general industrial and defense markets, beginning during the second quarter of 2003 and continuing through the end of year. This was partially offset by reduced demand for our specialty gasket products provided to the energy and petrochemical sectors during the first quarter of 2003.

Gross profit margins at Industrial Specialties increased slightly from 24.7% in 2002 to 25.0% in 2003. Operating improvements and cost reduction initiatives, combined with \$0.8 million of lower depreciation charges more than offset the impact of higher operating costs and \$2.2 million of increased lease expense between years.

Selling, general and administrative expenses at Industrial Specialties increased by \$5.1 million between years. This increase was due to \$1.4 million of severance and other costs primarily resulting from the restructuring of Lamons' branch distribution network, as well as \$1.0 million in higher costs resulting from the formation of an Industrial Specialties group office. We also recorded a \$2.5 million non-cash charge to write-off customer intangibles as our Lamons and Compac business units no longer maintain a sales relationship with several customers as a result of business or other financial considerations.

During 2003, the Industrial Specialties segment also recorded a non-cash goodwill impairment charge of approximately \$7.6 million related to the group's precision cutting tools business.

Operating profit margins at Industrial Specialties declined from 11.0% in 2002 to 3.4%, reflecting a decline of \$15.5 million due primarily to the \$7.6 million non-cash goodwill impairment charge, \$6.0 million of non-cash losses related to the sale-leaseback of equipment, a \$2.5 million write-off of customer-related intangibles and \$2.4 million of expenses related to plant consolidations, offset by increased margins earned on higher sales between years.

**Fastening Systems.** Net sales decreased by \$8.5 million, or 5.7%, as a result of lower sales in our small diameter fastener business of \$6.5 million and other fastener sales declines of \$2.0 million. The decline in sales between years reflected continued weakness in demand for our fastener products in the general distribution and industrial products channels and continued price pressure on small diameter products. Sales within our aerospace fastener business were approximately flat with the prior year.

Gross profit margin at Fastening Systems decreased from 14.8% to 13.8% as higher gross margins in our aerospace fasteners business and ongoing cost reduction initiatives were more than offset by increased costs associated with plant closure and consolidation activities within our Lake Erie Products business. Gross profits decreased a net \$2.6 million between years. Of this amount, \$1.2 million was due to lower sales volumes and \$3.5 million was attributed to higher lease expense related to leasing of operating facilities and equipment, which was offset by approximately \$0.9 million in lower depreciation charges as a result of leasing such assets and \$0.9 million of lower costs related to plant closure and consolidation activities and other charges. Within our Lake Erie Products business, we incurred approximately \$6.3 million of expenses related to the closure of our Lakewood, Ohio, facility and consolidation of operations into our facilities in Wood Dale, Illinois and Frankfort, Indiana. Such expenses included \$2.1 million of employee termination and pension curtailment costs

at our Lakewood, Ohio facility, \$1.0 million of equipment move costs, and an estimated \$2.8 million attributed to lower productivity as a result of ongoing integration activities. We also incurred a \$0.2 million charge to write-off excess inventory at our Fittings business. This compares to expenses of \$7.2 million in 2002 related primarily to the non-cash write-off of excess and obsolete inventory in our small diameter fastener business in Wood Dale, Illinois. Lease expense increased by \$3.5 million over the prior year which was partially offset by \$0.9 million of lower depreciation charges between years.

Selling, general and administrative expenses at Fastening Systems increased by \$6.9 million in 2003 as compared with 2002. This increase resulted primarily from a \$5.4 million non-cash writeoff related to customer intangibles because Lake Erie Products no longer maintains a sales relationship with two customers. The remaining \$1.5 million net increase between years is due to formation of a Fastening Systems segment office (\$0.9 million) and other costs of \$2.9 million related to severance of office and clerical personnel at Lakewood and employee training at our Wood Dale and Frankfort facilities, offset by an approximate \$2.3 million decrease in recurring selling, general and administrative costs as a result of the workforce reduction and related restructuring actions.

Overall, operating profit declined by \$19.2 million between years, resulting in an operating loss of \$16.0 million due to \$10.6 million of non-cash losses primarily attributed to the sale-leaseback of property and equipment, increased expenses of \$9.3 million from the closure of our Lakewood facility and related plant integration activities and the \$5.4 million non-cash customer intangible impairment charge.

**Corporate Expenses and Management Fees.** General and administrative expense at a corporate level increased by \$9.1 million in 2003 as a result of the increased costs associated with establishing a stand alone corporate office. This increase consists of \$3.7 million of higher operating costs and amounts paid to Metaldyne under a shared services agreement (which expired on December 31, 2003), \$1.7 million of employment related costs, \$1.9 million related to a full year of the Heartland monitoring fee (\$1.0 million per quarter plus expenses), \$1.3 million in non-recurring severance costs, and \$0.5 million related to legacy restricted stock expense. The legacy stock awards expired on December 31, 2003 and the final payments under this program occurred in January 2004.

**Interest Expense.** Interest expense increased by \$4.0 million in 2003 due to the issuance of \$85.0 million of senior subordinated notes in December 2002, additional term loan borrowings of \$75.0 million in June 2003 incurred to finance the HammerBlow and Highland acquisitions, and increased amortization of debt issue costs resulting from fees paid with respect to amendments of our bank credit agreement. The increase between years was partially offset by interest expense allocated to us by Metaldyne during the first five months of 2002.

**Other, Net.** Other, net decreased approximately \$1.8 million between years principally due to reduced foreign currency transaction losses.

**Income taxes.** For 2003, we recorded a net tax benefit of \$5.6 million on a reported pre-tax loss of \$36.5 million. Of this amount, foreign operations reported pre-tax income of \$22.7 million compared to a reported pre-tax loss of \$59.2 million for our domestic operations, primarily as a result of \$64.7 million of interest expense incurred on debt which is the obligation of U.S.-domiciled companies, \$18.6 million of charges associated with impairment of goodwill and write-off of customer intangibles related to domestic operations and \$18.1 million of losses incurred with respect to the sale and leaseback of domestic operating facilities and equipment. The tax benefit associated with our domestic pre-tax loss for Federal purposes was offset by tax expense incurred on foreign income and to a lesser extent at the state level. In addition, no tax benefit was recorded related to the goodwill impairment as such impairment is non-deductible. We also reported an additional \$3.1 million of tax expense related to unremitted earnings at one of our Canadian subsidiaries as these earnings were no longer considered permanently reinvested. In 2002, we reported a higher effective tax rate due primarily to the higher proportion of foreign earnings relative to the overall domestic pre-tax loss.

#### **Year Ended December 31, 2002 Compared with Year Ended December 31, 2001**

The principal factors impacting us during the year ended December 31, 2002 compared with the year ended December 31, 2001 were the mixed effects of consumer demand across our diverse

product base and the negative financial statement impact of the cumulative effect on prior years of a change in recognition and measurement of goodwill impairment.

Net sales increased by \$1.9 million, or approximately 0.3% in 2002 from 2001. Net sales for Cequent and Rieke increased by 6.7% and 3.6%, respectively. The increases were due to greater demand for these segments' products, primarily in North America. These increases were offset by a 4.3% and 6.3% decline in net sales for Industrial Specialties and Fastening Systems. The reduction in net sales within the Fastening Systems and Industrial Specialties segments was due to continued reduced demand for our industrial fastener products and reduced demand for our specialty gasket and engine products provided to the energy sector. We also experienced weaker demand for some of our other industrial products because some of our customers utilized their excess inventories in lieu of making new purchases.

Gross profit margins (gross profit as a percentage of sales) declined slightly from 26.9% to 25.9% or \$6.8 million in 2002 as compared with 2001. The decline was principally attributable to a decline in gross profit at our Fastening Systems segment from 21.0% to 14.8% in 2002 which was the result primarily of \$7.7 million of excess and obsolete inventory and other charges related to business restructuring activities.

Operating profit margins approximated 9.0% in each of the years ended December 31, 2002 and 2001. Operating profit for 2002 was impacted by an incremental \$13.3 million of costs and charges consisting of \$8.5 million of non-cash charges related primarily to excess and obsolete inventory and cash charges of \$4.8 million for restructuring activities, and \$1.9 million of increased lease expense. These costs and charges were partially offset by the favorable \$4.4 million impact of our cost reduction activities in our operating segments, and the \$1.0 million favorable mix on slightly increased net sales. In addition, operating profit for 2002 was impacted by the elimination of \$13.6 million of goodwill amortization. This benefit was offset by increased costs associated with our separation from Metaldyne. These increased costs principally include increased legal and audit fees and management fees payable to Heartland and Metaldyne.

**Rieke Packaging Systems.** Net sales at Rieke for 2002 increased by \$3.8 million, or approximately 3.6%, compared with 2001. Rieke experienced greater demand for its products in North America which overcame slightly lower year-over-year sales during the first quarter as a result of softness experienced in its European operations. Rieke's gross profit margin improved by 1.7% to 37.7%, due in part to cost reduction initiatives. Selling, general and administrative expense was 12.9% of net sales in 2002 as compared with 15.5% in the prior year. This reduction is attributed to the elimination of goodwill amortization. Operating profit margin at Rieke increased from 20.2% to 24.5% for 2002 and benefited from a \$1.2 million favorable impact related to increased sales and \$1.0 million favorable impact from lower operating costs. These improvements were partially offset by \$1.0 million of restructuring charges and operating lease expense. In addition, Rieke's operating profit for 2002

benefited from \$4.1 million of reduced depreciation and amortization, principally related to the elimination of goodwill amortization in 2002.

**Cequent Transportation Accessories.** Net sales for Cequent increased by \$17.7 million or 6.7% compared to 2001. This increase was due to greater demand for Cequent's products, primarily in North America. Cequent's gross profit margin was 28.2% of net sales and essentially flat with 28.6% in the prior year. Selling, general and administrative expense was 17.0% of net sales as compared to 19.2% in the prior year, and this reduction was due primarily to the elimination of goodwill amortization. Cequent's operating profit increased by approximately \$5.4 million, net, in 2002 compared to the prior year as 2002 benefited from a favorable impact of \$2.9 million related to higher sales volumes and a \$3.6 million favorable impact as a result of lower operating costs. These items were partially offset by \$4.0 million of charges related to restructuring activities and \$0.7 million of lease expense related to operating leases for a new facility and some machinery and equipment. In addition, Cequent's operating profit for the year benefited from \$5.3 million of reduced depreciation and amortization, principally related to the elimination of goodwill amortization.

**Industrial Specialties.** Net sales at Industrial Specialties declined by \$9.5 million to \$209.3 million. This decrease in sales between years reflects reduced demand for our specialty gasket

46

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and engine products provided to the energy sector, as our Lamons and Arrow Engine operations experienced year over year declines which contributed to this sales decrease. This was offset by higher sales of our ordnance products in our defense business. We also experienced weaker demand for some of our other industrial products because some of our customers utilized their excess inventories in lieu of making new purchases. Gross profit margins were essentially flat year over year (24.7%, compared to 24.9%) and the decline in gross profit was due to lower sales volumes. Selling, general and administrative expense declined by \$5.6 million in 2002 to 13.5% of net sales as compared to 15.4% in 2001, and this reduction is attributed to cost reduction initiatives and elimination of goodwill amortization. For the year, operating profit improved \$2.8 million, net for the year as the benefits of reduced goodwill amortization were offset by restructuring costs of \$1.9 million and lower sales volumes between years.

**Fastening Systems.** Net sales at Fastening Systems for 2002 declined by \$10.1 million, as compared with 2001, to \$149.5 million. Approximately \$4.2 million of that sales decline was due to reduced demand for fasteners in the aerospace channel, \$3.4 million due to reduced demand in our large diameter fastener products and approximately \$3.3 million due to reduced demand for our small diameter industrial fastener products, offset by a \$0.8 million sales increase for our Fittings automotive business. Gross profit declined \$11.4 million due to \$7.7 million of non-cash charges related primarily to the write-off of excess and obsolete inventory and \$1.5 million lower margin due to reduced sales volumes between years and lesser absorption of fixed costs due to reduced operating leverage. Selling, general and administrative expense was \$3.2 million lower in the current year due to elimination of goodwill amortization. Overall, operating profit at Fastening Systems declined approximately \$7.0 million, net, from the prior year as a result of lower sales volumes and \$7.7 million of other charges due primarily to inventory write-offs, offset by lower depreciation and amortization related principally to the elimination of goodwill amortization.

**Corporate Expenses and Management Fees.** Corporate expenses increased \$6.1 million as a result of increased costs associated with our separation from Metaldyne. Such costs principally include \$2.7 million of incremental employment and operating costs for the establishment of a corporate office and amounts paid to Metaldyne under a shared services arrangement (previously considered part of the Metaldyne management fee) and \$2.8 million of management fees and expenses paid to Heartland.

**Other Expense, Net.** Other income (expense), net for the year ended December 31, 2002 was net expense of \$63.1 million compared with net expense of \$76.5 million for the year ended December 31, 2001. The reduction of approximately \$13.4 million is primarily due to a reduction in interest expense resulting from a lower net investment and advances balance with Metaldyne in 2002 and the impact of lower total indebtedness resulting from the June 6, 2002 transactions.

**Income Taxes.** For 2002, we recorded a net tax expense of \$2.8 million on reported pre-tax income of \$4.7 million. Of this amount, foreign operations reported pre-tax income of \$19.5 million compared to a reported pre-tax loss of \$14.8 million for our domestic operations, primarily as a result of \$59.1 million of interest expense incurred on debt which is the obligation of U.S.-domiciled companies. The tax benefit associated with our domestic pre-tax loss for Federal purposes was offset by tax expense incurred on foreign income and, to a lesser extent, tax expense in certain state tax jurisdictions. In 2001, our foreign operations reported pre-tax income of \$8.1 million compared to a reported pre-tax loss of \$17.3 million for our domestic operations, primarily as a result of \$72.2 million of interest expense incurred on debt which is the obligation of U.S.-domiciled companies. We reported a higher effective tax rate due primarily to the effect of adopting SFAS No. 142 and its resulting cessation of goodwill amortization.

## Liquidity and Capital Resources

### Cash Flows

Cash provided by operating activities for the three months ended March 31, 2004 was approximately \$21.6 million as compared to \$47.8 million for the three months ended March 30, 2003. The primary reason for the decrease in operating cash flow was the increased investment in inventory

47

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to support higher sales levels particularly at Cequent for the spring and summer selling season, and accounts receivable, as receivable levels increased with the corresponding increase in year-over-year sales in the first quarter.

Cash provided by operating activities for the year ended December 31, 2003 was approximately \$41.4 million as compared to cash used in operating activities for the year ended December 31, 2002 of approximately \$22.0 million. Working capital invested in operations for the year ended December 31, 2003 decreased \$7.2 million as compared to the year ended December 31, 2002, primarily due to increased accounts payable levels.

Cash used for investing activities for the three months ended March 31, 2004 was approximately \$20.1 million as compared to \$163.3 million for the prior year period, due primarily to the funding of the HammerBlow and Highland acquisitions in first quarter 2003. We also received approximately \$42.1 million in cash proceeds related to sale-leaseback transactions in 2003 and had no comparable transaction during the first quarter 2004. Capital spending increased approximately \$10.1 million in first quarter 2004 versus first quarter 2003 due primarily to planned expenditures for our new Hangzhou, China and Hackettstown, NJ facilities, and investments related to new product launches, mainly in our Rieke Packaging Systems segment.

Cash used for investing activities increased to approximately \$161.3 million for the year ended December 31, 2003 compared to \$39.1 million in 2002 principally due to funds used to consummate the HammerBlow,

Highland and Fittings acquisitions in 2003. Capital expenditures were \$31.7 million for the year ended December 31, 2003, as compared to \$34.0 million for the year ended December 31, 2002.

Cash used for financing activities for the three months ended March 31, 2004 was approximately \$1.4 million as compared to cash provided by financing activities of approximately \$45.7 million for the three months ended March 30, 2003. The decrease is principally due to \$30.0 million of proceeds from the issuance of common stock in 2003 and greater borrowings on the revolving credit facility in 2003 as compared to 2004.

Cash provided by financing activities was \$26.3 million for the year ended December 31, 2003 compared to \$157.8 million for the year ended December 31, 2002. This decrease is principally due to funds provided as a result of the June 6, 2002 transactions, and the additional issuance of senior subordinated notes.

In the first quarter of 2003, we completed the acquisitions of HammerBlow and Highland. We made an initial \$9.0 million investment in HammerBlow in November 2002. The incremental combined acquisition price for HammerBlow and Highland of approximately \$209.7 million (before realization of proceeds from completed asset sales) was funded with \$63.3 million of net proceeds from the issuance of additional 9 7/8% senior subordinated notes due 2012, \$30.0 million of cash equity received from Heartland, the issuance of a \$7.5 million deferred note that was repaid in January 2004, and the balance from borrowings under our revolving credit facility and accounts receivable securitization facility.

On May 9, 2003, we completed the Fittings acquisition for approximately \$22.7 million on a debt-free basis. The transaction was funded by a combination of borrowings under our revolving credit facility and a \$5.0 million cash equity contribution by Heartland. Fittings had 2002 revenues of approximately \$16.7 million.

On January 29, 2004, we completed the acquisition of Bargman. The total consideration paid was approximately \$5.4 million. The transaction was funded by borrowings under our revolving credit facility.

#### **Our Debt and Other Commitments**

Our credit facility includes a \$150.0 million revolving credit facility and a \$335.0 million term loan facility (of which \$7.0 million and \$291.1 million respectively was outstanding as of March 31, 2004). Up to \$100.0 million of our revolving credit facility is available to be used for one or more permitted acquisitions. Our credit facility also provides for an uncommitted \$125 million incremental term loan

48

facility that, subject to certain conditions, is available to fund one or more permitted acquisitions. Amounts drawn under our revolving credit facility fluctuate daily based upon our working capital and other ordinary course needs. Availability under our revolving credit facility depends upon, among other things, compliance with our credit agreement's financial covenants. Our credit facility 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. Our credit facility also requires us and our subsidiaries to meet certain restrictive financial covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense ratio (consolidated EBITDA, as defined, over cash interest expense) and a capital expenditures covenant. Our subordinated notes indenture also contains negative and affirmative covenants and at March 31, 2004, we were in compliance with all such covenant requirements.

Another important source of liquidity is our \$125.0 million accounts receivable securitization facility, under which we have the ability to sell eligible accounts receivable to a third-party multi-seller receivables funding company. At March 31, 2004, we had \$56.9 million outstanding under our accounts receivable facility and \$10.6 million was available based on eligible receivables. We had \$7.0 million outstanding under our revolving credit facility and had an additional \$117.5 million available under our revolving credit facility, after giving effect to approximately \$25.5 million of letters of credit issued to support our ordinary course needs. At March 31, 2004, we had \$6.9 million of available cash and after consideration of leverage restrictions contained in our credit facility we had approximately \$52.0 million of borrowing capacity for general corporate purposes.

Principal payments required on the term loan are: \$0.7 million due each calendar quarter ending through June 30, 2009, \$134.0 million due on September 30, 2009 and \$141.8 million due on December 31, 2009.

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

We have other cash commitments related to leases, of which many are sale-leaseback transactions. All proceeds of sale-leaseback transactions were utilized for debt reduction or to reduce outstanding revolving credit and receivables facilities balances. We account for these lease transactions as operating leases and annual rent expense related to these lease transactions is as follows (in millions):

<b>Operating lease</b>	<b>Transaction Date</b>	<b>Sales Proceeds</b>	<b>Annual lease cost</b>
Real properties (9 properties)	January 2002	\$ 20.9	\$ 2.5
Real properties (3 properties)	July 2002	N/A*	1.5
Personal property (plant and equipment)	November 2002	\$ 5.7	0.9
Personal property (plant and equipment)	March 2003	\$ 28.0	4.4
Real properties (2 properties)	March 2003	\$ 7.8	0.9
Personal property (plant and equipment)	June 2003	\$ 25.9	4.0
Real property (1 property)	September 2003	\$ 8.2	0.8
Real property (1 property)	May 2003	N/A**	0.2
<b>Total</b>			<b>\$ 15.2</b>

\* These leases are not sale-leaseback transactions.

\*\* Livonia, Michigan facility lease from Metaldyne in connection with the Fittings acquisition.

49

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 the foregoing contractual commitments, in connection with our separation from Metaldyne, we have also agreed to assume certain obligations resulting from the November 2000 acquisition of Metaldyne by Heartland. At that time, Metaldyne made restricted stock grants to employees with terms that allow eligible employees to elect to receive cash at stipulated amounts in lieu of shares as the restricted stock grants vest. We agreed to be responsible for the cash costs of those elections to the extent they relate to our current and former employees and to our allocable share of current and former Metaldyne corporate level employees in accordance with the agreement. Under these arrangements, the approximate amounts paid were: \$4.2 million in 2002, \$7.6 million in 2003 and \$7.6 million in 2004. As of April 2004, our obligations associated with Metaldyne restricted stock grants have been fully paid.

Our exposure to interest rate risk results from the variable rates under our credit facility. Borrowings under the credit facility bear interest, at various rates, as more fully described in Note 8 to the accompanying unaudited financial statements as of March 31, 2004. Based on current amounts outstanding, a 1% increase or decrease in the per annum interest rate for our credit facility would change our interest expense by \$3.0 million annually.

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

As a result of the financing transactions entered into on June 6, 2002, the additional issuance of \$85.0 million aggregate principal amount of senior subordinated notes, and recent acquisitions, we are highly leveraged. In addition to normal capital expenditures, we may incur significant amounts of additional debt and further burden cash flow in pursuit of our internal growth and acquisition strategies.

The terms of our credit agreement require us and our subsidiaries to meet certain restrictive financial covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense ratio (EBITDA over cash interest expense, as defined) and a capital expenditures covenant, the most restrictive of which is the leverage ratio. Our permitted leverage ratio was 5.5 to 1.00 at March 31, 2004. The permitted leverage ratio becomes more restrictive in future periods, declining to 5.25 to 1.00 at September 30, 2004, 5.0 to 1.00 at December 31, 2004, 4.75 to 1.00 at June 30, 2005, 4.5 to 1.00 at September 30, 2005, 4.0 to 1.00 at December 31, 2005, 4.0 to 1.00 at March 31, 2006, 3.75 to 1.00 at June 30, 2006, 3.5 to 1.00 at September 30, 2006 and 3.25 to 1.00 at December 31, 2006 and thereafter. We were in compliance with our covenants at March 31, 2004. For a more detailed discussion of the various restrictive covenants contained in our credit agreement, see "Description of Our Debt—Our Credit Facility."

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

#### Off-Balance Sheet Arrangements

In connection with the June 2002 transactions, we entered into an agreement to sell, on an ongoing basis, the trade accounts receivable of certain business operations to a wholly-owned, bankruptcy-remote, special purpose subsidiary, TSPC, Inc. TSPC, subject to certain conditions, may from time to time sell an undivided fractional ownership interest in the pool of domestic receivables,

50

up to approximately \$125.0 million, to a third party multi-seller receivables funding company, or conduit. Upon sale of receivables, our subsidiaries that originated the receivables retain a subordinated interest in the receivables. Under the terms of the agreement, new receivables can be added to the pool as collections reduce previously sold receivables. The facility is anticipated to be an important source of liquidity in 2004 and subsequent years. At March 31, 2004, we had \$56.9 million outstanding and \$10.6 million available under the facility.

The facility is subject to customary termination events, including, but not limited to, breach of representations or warranties, the existence of any event that materially adversely affects the collectibility of receivables or performance by a seller and certain events of bankruptcy or insolvency. The proceeds of sale are less than the face amount of accounts receivable sold by an amount that approximates the purchaser's financing costs. The agreement expires on June 6, 2005. If we are unable to renew or replace this facility, it would materially and adversely affect our liquidity.

#### Commitment 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 lease agreements for 15 facilities and certain capital equipment, severance obligations related to our cost savings plans and our allocable share of certain compensation and benefit obligations due to Metaldyne. The following table summarizes our expected fixed cash obligations over various future periods related to these items as of December 31, 2003.

	Payments Due by Periods (in thousands)				
	Total	Less than One Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Contractual cash obligations:					
Long-term debt	\$ 737,690	\$ 10,920	\$ 5,880	\$ 5,780	\$ 715,110
Lease obligations	206,720	24,120	42,870	37,150	102,580
Restricted stock obligations	7,610	7,610	—	—	—
Severance	8,910	3,560	1,470	610	3,270
Total contractual cash obligations	<u>\$ 960,930</u>	<u>\$ 46,210</u>	<u>\$ 50,220</u>	<u>\$ 43,540</u>	<u>\$ 820,960</u>

As of March 31, 2004, we are contingently liable for stand-by letters of credit totaling \$25.5 million issued on our behalf by financial institutions under our revolving credit facility. These letters of credit are used for a variety of purposes, including to support certain operating lease agreements and to meet various states' requirements in order to self-insure workers' compensation claims, including incurred but not reported claims.

#### Impact of New Accounting Standards

In December 2003, the Financial Accounting Standards Board, or FASB, issued a revised FASB Interpretation ("FIN") 46R, "Consolidation of Variable Interest Entities." FIN 46R requires primary beneficiaries in a variable interest entity to consolidate the entity even if the primary beneficiary does not have a majority voting interest. This consolidation requirement is effective immediately for any variable interest entity created on

or after January 31, 2003 and after March 15, 2004 for entities created before January 31, 2003. The adoption of FIN 46R will not have an impact on our financial condition or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 provides guidance for how a company should classify and measure certain financial instruments that have characteristics of both liabilities and equity. SFAS No. 150 is effective immediately for any qualifying financial instruments issued after May 31, 2003 and becomes effective for such pre-existing financial instruments in the third quarter of 2003. The adoption of SFAS No. 150 did not have an impact on our financial condition or results of operations.

In December 2003, the FASB issued SFAS No. 132 (revised), "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 132 (revised) prescribes employers'

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disclosures about pension plans and other postretirement benefit plans; it does not change the measurement or recognition of those plans. SFAS No. 132 (revised) retains and revises the disclosure requirements contained in the original statement. It also requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. SFAS No. 132 (revised) is effective for fiscal years ending after December 15, 2003, although certain disclosure requirements have been deferred until fiscal years ending after June 15, 2004. Our disclosures in Note 16 incorporate the requirements of the revised statement.

#### Critical Accounting Policies

The following discussion of accounting policies is intended to supplement the accounting policies presented in Note 3 to our 2003 audited financial statements included in this prospectus. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, our evaluation of business and macroeconomic trends, and information from other outside sources as appropriate.

**Accounting Basis for Transactions.** Prior to June 6, 2002, we were owned by Metaldyne. On November 28, 2000, Metaldyne was acquired by an investor group led by Heartland. On June 6, 2002, Metaldyne issued approximately 66% of our fully diluted common stock to an investor group led by Heartland. As a result of the transactions, we did not establish a new basis of accounting as Heartland is the controlling shareholder for both us and Metaldyne and the transactions were accounted for as a reorganization of entities under common control. Our historical financial information includes allocations and estimates of direct and indirect Metaldyne corporate administrative costs attributed to us, which are deemed by management to be reasonable but are not necessarily reflective of those costs to us on an ongoing basis.

**Accounts Receivable.** Accounts receivable are presented net of allowances for doubtful accounts of approximately \$5.5 million and \$4.8 million at March 31, 2004 and December 31, 2003, respectively. We monitor our exposure for credit losses and maintain adequate allowances for doubtful accounts. The Company determines these allowances based on historical write-off experience and/or specific customer circumstances and provides such allowances when amounts are reasonably estimable and it is probable a loss has been incurred. We do not have concentrations of accounts receivable with a single customer or group of customers and do not believe that significant credit risk exists due to our diverse customer base. Trade accounts receivable of substantially all domestic business operations may be sold, on an ongoing basis, to TSPC.

**Depreciation and Amortization.** Depreciation is computed principally using the straight-line method over the estimated useful lives of the assets. Annual depreciation rates are as follows: buildings and buildings/land improvements, ten to 40 years and machinery and equipment, three to 15 years. Capitalized debt issuance costs are amortized over the underlying terms of the related debt securities. Customer relationship intangibles are amortized over periods ranging from six to 40 years, while technology and other intangibles are amortized over periods ranging from five to 30 years. As of January 1, 2004, trademarks and trade names are classified as indefinite-lived intangibles and we will discontinue amortization.

**Goodwill and Other Intangibles.** We test goodwill and indefinite-lived intangible assets for impairment on an annual basis, unless a change in business conditions occurs which requires a more frequent evaluation. In assessing the recoverability of goodwill and indefinite-lived intangible assets, we estimate the fair value of each reporting unit using the present value of expected future cash flows and other valuation measures. We then compare this estimated fair value with the net asset carrying value. If carrying value exceeds fair value, then a possible impairment of goodwill exists and further evaluation is performed. Goodwill is evaluated for impairment annually as of December 31 using management's operating budget and five-year forecast to estimate expected future cash flows. However, projecting discounted future cash flows requires us to make significant estimates regarding

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future revenues and expenses, projected capital expenditures, changes in working capital and the appropriate discount rate. While we believe our judgments and estimates are reasonable, if actual results differ significantly from our current estimates, we could experience an impairment of goodwill and other indefinite-lived intangibles that may be required to be recorded in future periods. During the fourth quarter of 2003, we recorded a goodwill impairment of \$7.6 million related to our precision cutting tools business within the Industrial Specialties segment.

We also review definite-lived intangible assets on an annual basis, or more frequently if events or changes in circumstances indicate that their carrying amount may not be recoverable. The factors considered by management in performing these assessments include current operating results, business prospects, customer retention, market trends, potential product obsolescence, competitive activities and other economic factors. Future changes in our business or the markets for our products could result in impairments of other intangible assets that might be required to be recorded in future periods.

**Pension and Postretirement Benefits Other than Pensions.** We account for pension benefits and postretirement benefits other than pensions in accordance with the requirements of SFAS Nos. 87, 88, 106, and 132. Annual net periodic expense and accrued benefit obligations recorded with respect to our defined benefit plans are determined on an actuarial basis. We, together with our third-party actuaries, determine assumptions used in the actuarial calculations which impact reported plan obligations and expense. Annually, we and our actuaries review actual experience compared to the most significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. Discount rates are based upon an expected benefit payments duration analysis and the equivalent average yield rate for high-quality fixed-income investments. Pension benefits are funded through deposits with trustees and the expected long-term rate of return on fund assets is based upon actual historical returns modified for known changes in the market and any expected change in investment policy. Postretirement benefits are not funded and our policy is to pay these benefits as they become due. Certain



accounting guidance, including the guidance applicable to pensions, does not require immediate recognition or the effects of a deviation between actual and assumed experience or the revision of an estimate. This approach allows the favorable and unfavorable effects that fall within an acceptable range to be netted.

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

**Other Loss Reserves.** We have other loss exposures related to environmental claims 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 and for between \$0.3 million and \$2.0 million per occurrence under our retention programs for comprehensive general, product and vehicle liability. We accrue loss reserves up to our retention amounts based upon our estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported using actuarial assumptions about future events. We accrue for such items in accordance with SFAS No. 5, when such amounts are reasonably estimable and probable. We utilize known facts and historical trends, as well as actuarial valuations in determining estimated required reserves. Changes in assumptions for factors such as medical costs and actual experience could cause these estimates to change significantly.

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## BUSINESS

We are a manufacturer of highly engineered products serving niche markets in a diverse range of commercial, industrial and consumer applications. While serving diverse markets, most of our businesses share important characteristics, including leading market shares, strong brand names, established distribution networks, high operating margins, relatively low capital investment requirements, new product growth opportunities and strategic acquisition opportunities. We estimate that approximately 66% of our 2003 net sales were in markets in which we enjoy the number one or number two market position within the respective product category. In addition, we believe that in many of our businesses, we are one of only two or three manufacturers in the geographic markets where we currently compete.

### Our Business Segments

We operate through four business segments, which had net sales and operating profit in 2003 as follows: Rieke Packaging Systems (net sales: \$119.1 million; operating profit: \$26.5 million); Cequent Transportation Accessories (net sales: \$427.4 million; operating profit: \$40.1 million); Industrial Specialties (net sales: \$217.9 million; operating profit: \$13.5 million); and Fastening Systems (net sales: \$141.0 million; operating loss: \$5.4 million).

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

### Rieke Packaging Systems

Rieke is a leading designer and manufacturer of specialty, highly engineered closures and dispensing systems for a range of niche end-markets, including steel and plastic industrial and consumer applications. We believe that Rieke 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. Rieke manufactures high performance, value-added products that are designed to enhance its customers' ability to store, ship, process and dispense various products in the industrial, agricultural, consumer and pharmaceutical markets. Examples of Rieke's products include steel and plastic closure caps, drum enclosures, rings and levers and dispensing systems, such as pumps and specialty sprayers.

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

- Rieke designs and manufactures traditional industrial closure and dispensing products in North America. 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 America and in other regions, which we believe provide significant opportunities for growth.
- Stolz, located in Germany, is a European leader in plastic enclosures for sub-20 liter sized containers used in automotive and chemical applications.
- TOV, located in Italy, specializes in the lever and ring closures that are used in the European industrial market. This specialty closure system is sold into the NAFTA markets as well.

### Rieke's Competitive Strengths

We believe Rieke benefits from the following competitive strengths:

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- **Strong Research, Development and New Product Capability.** We believe that Rieke's research and development capability and new product focus is a competitive advantage. For more than 75 years, Rieke'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. Rieke's emphasis upon highly engineered packaging solutions and research and development has yielded 61 active patents and 52 patents pending. Rieke has approximately 25 technical employees responsible for new product development, improving existing products and design automation equipment to assist in cost reductions, both internally and at our customers' locations. Approximately 50% of Rieke's 2003 net

sales relate to products utilizing its patented processes or technology. In 2003, Rieke invested approximately \$2.5 million in its research and development.

- **Customized Solutions that Enhance Customer Loyalty.** A significant portion of Rieke's products are customized for end-users who also use Rieke's specialty tooling equipment to install the products. 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, Rieke is able to support favorable pricing and generate a high degree of customer loyalty. Rieke has also been successful in bundling a variety of products at attractive pricing in an effort to create preferred supplier status. In many cases, Rieke enters into multi-year supply contracts.
- **Leading Market Positions and Global Presence.** We believe that Rieke is a leading designer and manufacturer of steel and plastic closure caps, drum enclosures, rings and levers and dispensing systems, such as pumps and specialty sprayers. Rieke maintains a global presence, reflecting its global opportunities and customer base. Its headquarters and manufacturing and technology center is located in Auburn, Indiana and it has manufacturing operations in Mexico, England, Germany and Italy, as well as a contract manufacturing relationship in Asia. Rieke also maintains warehouse locations in Brazil, Spain and France. All of Rieke's manufacturing facilities 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.
- **Strong Customer Relationships.** Rieke benefits from long-standing relationships with many of its customers. We believe that Rieke's high level of customer recognition is due to its emphasis on product development, product quality and performance characteristics and the maintenance of high customer service standards. Rieke also provides extensive in-house design and development technical staff to provide a solution to customer requirements for closures and dispensing.

#### **Growth Strategies**

We believe Rieke has strong opportunities to grow, including:

- **New Consumer Product Applications.** We believe that Rieke has significant opportunities to apply its existing highly engineered products to new consumer products and pharmaceutical applications, particularly in North America, and for new product development. Rieke has focused its research and development capabilities on North American consumer applications requiring special packaging forms, and stylized containers and dispenser applications requiring a high degree of functionality and engineering and content. Examples of new consumer product applications that Rieke has successfully introduced are finger-operated patented non-aerosol foamers for hair and body care, patented closures for orange juice dispensers and patented closed system dispenser and docking systems for the chemical industry. In addition, Rieke manufactures medical devices to mix water and detergent for dialysis machines, plastic dispensers that are National Sanitation Foundation-approved for food applications to replace previously approved stainless steel pumps and a pump for highly

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viscous products. Rieke has developed and has patent applications pending for its plastic consumer paint delivery system for one gallon and one quart containers that reduces paint spoilage due to exposure to air. Rieke currently manufactures this delivery system for Sherwin-Williams a major paint manufacturer. Rieke has also focused on the large volume opportunities available in the chemical consumer packaging market by developing lower cost, high performance dispensing systems that are applicable to a variety of pharmaceutical products as well as personal care items, household and industrial chemicals, automotive fluids and cleaners and food products. We believe that these new products represent improved functionality and style relative to other products in the marketplace and provide Rieke with additional growth opportunities in new markets with new customers.

- **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. We believe that, as compared with its competitors, Rieke is able to offer a wider variety of products on a bundled basis 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 on these bundled product offerings.
- **Acquisition Opportunities.** We believe Rieke has significant opportunities to grow its business through disciplined, strategic acquisitions. There are many companies participating in product and application markets that have similar product technologies and/or a common customer base. By acquiring such companies, Rieke may obtain new product technologies to be sold to its existing customers, or new customers to whom the broader Rieke product portfolio can be offered. In addition, Rieke intends to pursue any cost savings opportunities by consolidating purchasing, sales, finance and administrative functions into its existing infrastructure. At our recently opened plant in Hamilton, Indiana, we have additional space that may absorb to a significant extent the manufacturing operations of future acquisitions.
- **Increased International Presence.** Rieke will seek to increase its international manufacturing and sales presence. For example, Rieke is on schedule to open a new production and assembly facility in China in the first quarter of 2004. This facility will produce and assemble many of Rieke's recently introduced products or anticipated new product launches. This location has been selected since many of these new products have multiple components for which assembly is a major cost factor. Automation of the assembly process in certain of these products can be either technically difficult or costly. Rieke's facility in China will give it access to a skilled but significantly lower cost labor market for assembly operations. In addition, Rieke believes there is a growing market in the Far East for its products and many multi-national customers requiring product availability throughout the world, including in the Asian market.

#### **Marketing, Customers and Distribution**

As of December 31, 2003, Rieke employed approximately 20 salespeople throughout the world. Approximately 15 of these employees are located in the NAFTA and European regions. Rieke also uses third party agents and distributors in key geographic markets, including Europe, South America and Asia. Approximately 90% of Rieke's net sales are originated by its employee sales force.

Rieke and its agent and distributors primarily distribute directly to container manufacturers and to users or fillers of Rieke's containers. Rieke's point of sale may be to a container manufacturer; however, via a "pull through" strategy, Rieke will call on the container user or filler and suggest that it specify that a Rieke product be used on its container.

To support its "pull-through" strategy, Rieke offers bundling proposals to the container user or filler. This strategy offers either attractive pricing or rebates on the Rieke products purchased directly from Rieke and Rieke products that the container users or fillers specify that the container manufacturer apply to the container. Examples of users or fillers that use or specify Rieke products include industrial chemical, agricultural chemical, petroleum, paint, personal care, pharmaceutical and sanitary supply chemical companies.

Rieke's primary customers include Coca-Cola, Diversey, Dow Chemical, BASF, Chevron, Go-Jo, Sherwin-Williams, Pepsi, Procter & Gamble, Valvoline, Bayer/Monsanto, Dupont, Schering Plough, Pharmacia, Shell Oil and major container manufacturers around the world. Rieke maintains a customer service center that provides technical support as well as other technical assistance to customers to reduce overall production costs.

#### **Manufacturing**

Rieke's manufacturing facilities are located in Auburn, Indiana; Hamilton, Indiana; Mexico City, Mexico; Leicester, England; Neunkirchen, Germany; and Valmadrera, Italy, with a new manufacturing facility being built in Hangzhou, China. The steel closure and dispensing production takes place at the Auburn, Indiana and Valmadrera, Italy sites. The remaining production sites are plastic injection molding and assembly locations. At Auburn, Indiana, there is plastic molding machinery. Our technology center equipment and product design, research and automation equipment is located in Auburn, Indiana.

Rieke's steel closure and dispensing facilities include medium tonnage stamping machines using progressive dies. Ancillary production equipment includes high-speed internally designed automation equipment, paint and coating equipment and plating facilities.

Rieke's injection molded plastic manufacturing sites use a variety of resins including polyethelene, polypropolene and nylon raw materials. Injection molding machines range from 75 to 1,000 tons in size. There are approximately 100 injection-molding machines at these locations. Additionally, there is high-speed equipment at all locations, except our China facility. This equipment is used to assemble multiple components into a finished product. Components of a finished product can range from two components to in excess of ten components.

Rieke also has equipment for pad printing on injection-molded products. Printing is desired by customers who want their company logos or other design work displayed on the closure or dispenser.

Contract molding is done on a limited basis in Asia, but this will be brought in-house following completion of our Hangzhou, China facility.

We maintain warehouse locations in Brazil, Spain and France to facilitate the sale and distribution of products. The manufacturing facilities ship directly to the warehouses where inventory is held for distribution. In Canada and Singapore, we use distributors to deliver products to customers.

#### **Competition**

We believe that Rieke is one of the largest manufacturers of steel and plastic industrial container closures in North America. 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 the industrial steel closure product line our competitors within the NAFTA market include Greif Closure Systems and Technocraft. In the industrial plastic 55-gallon drum closure line, our primary competitors are Greif and IPCC. In the 5-gallon container closure market, our primary competitors are Greif, Bericap and APC. Our primary competitors in the ring and lever product line are Self Industries and Technocraft. In the dispensing product lines, our major competitors are Calmar, Aptar, Airspray and Indesco.

In the European market, our industrial steel closure product lines compete with Greif Closure Systems and Technocraft. The industrial plastic 55-gallon drum closure lines compete with Greif and Mauser. The Rieke® 5-gallon container closure products compete with those of Greif and Bericap. Rieke's ring and lever products compete with those of Berger and Technocraft. Rieke's dispensing products compete with those of Jaycare, Calmar, WIKO and Airspray.

#### **Cequent Transportation Accessories**

Cequent Transportation Accessories is a leading designer, manufacturer, marketer, and distributor of a wide range of accessories and cargo management products used to outfit and accessorize light

trucks, SUV's, recreational vehicles, passenger cars and trailers for recreational and commercial use. Cequent's products offer the customer a range of solutions to efficiently "Get Their Gear on the Road." We believe that Cequent's product lines and brand names are among the most recognized and extensive in the transportation accessories industry.

Cequent's brands and main products categories are sold through a wide range of channels and are described below:

- The Draw-Tite®, Reese® and Hidden Hitch® brands represent towing products and accessories, such as hitches, ball mounts, draw bars, fifth-wheel hitches, weight distribution systems, wiring harnesses and T-connectors. These are sold through the independent installer and distributor channels. Similar products are sold to the retail channel under the Reese Towpower and Reese Outfitter brands, while Hayman-Reese™ is our towing products brand in Australia and is sold into the automotive aftermarket.
- The Fulton® and Bulldog® brands represent trailer products and accessories, such as jacks, winches and couplers, trailer wiring, converters, ramps and fenders. These brands are sold through independent installers, trailer original equipment manufacturers, or OEMs, and distributor channels serving the marine, agricultural, industrial, and horse/livestock market and retail channels.
- The Tekonsha® brand is a recognized name in brake controls and related brake components. These products are sold through independent retailers, automotive, recreational vehicle and agricultural distributors and automotive 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 products and accessories, such as license plate lights and brackets, porch and utility lights, assist bars, door locks and latches, and access doors, while Wesbar®-branded products include submersible and utility trailer lighting. These brands and products are sold through independent

installers, trailer and recreational vehicle OEMs and distributors, and the marine retail specialty and retail channels.

- Highland The Pro's Brand® and ROLA™ Roof Racks comprise our brand presence in the cargo management category. Cargo management products include bike racks, cargo carriers, luggage boxes, tie-downs and soft travel-cargo carriers which are sold through independent installer, distributor and retail channels.

### **Competitive Strengths**

We believe Cequent benefits from several important competitive strengths, including:

- **Leading Market Position.** Cequent primarily competes in highly fragmented niche markets where no single competitor possesses a comparable breadth of product and distribution. We believe that we are one of the leading designers and manufacturers of aftermarket products to outfit and accessorize light trucks, cross-over utility vehicles (CUV's), SUV's, recreational vehicles and passenger cars, and trailers for both recreational and commercial use. We believe Cequent is one of the largest suppliers of towing and trailer products through its primary channels, including the independent installer and distributor channels, mass merchants such as Wal-Mart, Lowe's, and Home Depot and specialty auto retailers, such as Pep Boys, Advanced Auto, AutoZone and CSK Auto and the recreational vehicle aftermarket and OEM customers.
- **Strong Brand Names.** We believe Cequent's brands include many of the leading names in its industry. Cequent's brand portfolio includes such well established names as Reese®, Draw-Tite®, Hidden Hitch®, Bulldog®, Tekonsha®, Highland the Pro's Brand®, Fulton®, Wesbar®, ROLA™, Hayman-Reese™ and Bargman®. We believe that such recognized brands provide Cequent with a significant competitive advantage. Cequent has positioned its brands to create pricing options for entry-level through premium product offerings across all of our distribution channels. We believe that no other competitor features a comparable array of brand names.

58

- **Diverse Product Portfolio.** Cequent benefits from a diverse range of product offerings and does not rely upon any single product. By offering a wide range of products, Cequent is able to provide a complete solution to satisfy its customers' needs. Its towing products and accessories offerings feature ball mounts and draw bars, hitch receivers, fifth-wheel hitches, weight distribution systems and an array of "accessory" products. Its electrical product offerings feature a broad range of lighting components including incandescent, halogen and fluorescent lighting, T-connectors and wiring harnesses. It also offers a range of braking products, including brake controls for automotive application and related components. Its trailer product portfolio includes winches, jacks, couplers, fenders, wheel protection, trailer brakes and ramps. In addition, Cequent offers a large variety of cargo management and vehicle protection accessories, including tie-downs and soft-travel cargo carriers, floor mats, cargo liners, bike racks, hood protection products and many other accessories.
- **Multiple Distribution Channels.** Cequent utilizes several distribution channels for its sales, including mass merchants, specialty retailers, independent distributors, independent installers and trailer OEM's. In 2003, approximately 38% of Cequent's products were sold through a highly fragmented installer and distributor channel composed primarily of single proprietor businesses. Mass retailers accounted for approximately 25% of Cequent's sales in 2003, traditional recreational vehicle distributors accounted for approximately 16% of Cequent's sales in 2003. Trailer OEM's, which also represent a highly fragmented industry, accounted for 14% of Cequent's sales in 2003. The remainder of Cequent's sales were through other retail and OEM distribution channels.
- **Vertically Integrated Manufacturing Capability.** As a result of significant restructuring activity completed over the last two years, Cequent has a relatively efficient and vertically integrated manufacturing capability. With respect to towing products, Cequent consolidated the manufacturing of Reese®- and Draw-Tite®-branded products into a single facility in Goshen, Indiana, which significantly enhanced process capability in forming, stamping and paint line applications. Cequent is also in the process of consolidating the manufacturing of trailering products at the former HammerBlow Wausau, Wisconsin facility into the Mosinee, Wisconsin facility. Cequent's customers generally require manufacturing in small batches and in significant variety to maintain aftermarket inventory and maintenance of designs for ten to 15 years of light vehicle models. Accordingly, we seek to maintain a lean, "quick change" manufacturing culture and system. Cequent's plants are vertically integrated to receive raw materials and convert them to finished products through three major steps: first, stamping and related methods of forming, cutting, punching, boring and prepping, followed by welding and assembly of components and lastly, cleaning, coating, painting and inspection of finished products. Cequent has in-house wiring harness design and manufacturing capability, one of the industry's largest research and development facilities for both testing and design, and a "hub and spoke" distribution system with capability to meet delivery requirements specified by our customers.

### **Growth Opportunities**

We believe that Cequent has significant opportunities to grow through new product introductions, cross selling products across channels, providing bundled product solutions and capitalizing on cost saving opportunities.

- **New Product Introductions.** Cequent has developed and successfully launched new products in the past and presently is developing a range of product innovations. In towing, new products include new fifth-wheel hitch designs, bike racks, soft pack roof racks and a range of cargo management and point of purchase accessories. Cequent has patents pending on products called Signature Series™ fifth wheel and slider, Interlock ball mount and related towing and vehicle accessories. In trailer-related products, new introductions include pivot tongue couplers, metal ramps, heavy-duty jacks and winches and electrical products, such as digital brake controls, LED lighting and electrical accessories. In addition, it is continually refreshing its existing retail products with new designs and features and innovative packaging and merchandising.

59

- **Cross Selling Products Across Distribution Channels.** We believe that Cequent has significant opportunities to introduce products into new channels that traditionally concentrated in other channels. For example, the Cequent retail channel now offers a range of trailer products and accessories,

including ramps, that have traditionally been available in the trailer distributor and OE channels as well as providing hitches traditionally offered through the independent installer channel. Similarly, Cequent's installer channel is selling Highland branded tie downs, stretch cords, floor mats and splash guards, which were previously only available through the retail channel. Cequent has also developed strategies to introduce its products into new channels, including the Asian manufacturer "port of entry" market, the retail sporting goods market and select international markets.

- **Provide Bundled Cargo Management Solutions.** As a result of Cequent's broad product portfolio, it is well positioned to provide customers with bundled solutions for towing, trailering and cargo management needs. Due to Cequent's product breadth and depth, we believe it can provide customers with compelling value propositions with superior features and convenience. In many cases, Cequent can offer a more competitive price through bundling than would be available by purchasing underlying components separately. We believe this merchandising strategy also enhances Cequent's ability to compete with competitors who have narrower product lines and are unable to provide "one stop shopping" to customers.
- **Capitalize on Cost Savings Opportunities.** During 2003, Cequent made two significant acquisitions, HammerBlow and Highland. These acquisitions continue to provide Cequent with opportunities to grow revenue and reduce costs that we expect to materialize in 2004 and 2005. With respect to revenue growth, the Highland acquisition significantly extended Cequent's retail product portfolio and enhanced its ability to operate as a "category manager" for retail customers. The HammerBlow acquisition enhanced its product line and extended its market reach to include agricultural, horse and livestock segments and brings a leadership position in braking products for the trailer and RV segment. Opportunities for cost savings include the consolidation of manufacturing and distribution, rationalization of administrative and sales organizations and combined purchasing initiatives are summarized under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

#### **Marketing, Customers and Distribution**

As of December 31, 2003, Cequent employed 78 professionals in sales, marketing and product management activities to support all customer channels. Of these professionals, Cequent has 51 strategic market representatives, with focused sales and account management responsibilities with specific customer relationships. Cequent's products are distributed through a variety of channels. Cequent employs a dedicated sales force in each of the primary channels, including the retail, national account/OEM, installer/distributor, trailer OEM, and trailer aftermarket/distributor channels. In the fourth quarter of 2003, Cequent invested in a 225,000 square foot distribution "center of excellence" located in South Bend, Indiana. This facility will be designed to be a scaleable operation that supports multiple distribution channels and future growth. Cequent's distribution center will initially support the retail channel and act as a regional distribution center, as well as a hub to replenish inventory in the other regional distribution centers located throughout the U.S. and Canada.

Cequent's products are distributed through a variety of channels. These channels include installer/distributor (automotive, recreational vehicle, and trailer), OEMs (automotive, recreational vehicle, and trailer), and retail channels (i.e. mass merchants, auto specialty, marine specialty, hardware/home centers, and catalogs). For example, the towing products group principally distributes to approximately 50 independent distributors and 4,000 independent installers under the Draw-Tite®, Hidden Hitch® and Reese® brands. In addition, 450 of towing product's customers position Draw-Tite®- and Reese®- branded traditional towing products as an exclusive or preferred line, while the Reese®-branded heavy-duty towing products are positioned to the heavy-duty professional towing segment. Cequent is well represented in retail stores through mass merchants, such as Wal-Mart, Lowe's, and Home Depot, and specialty auto retailers, such as Pep Boys, AutoZone and CSK Auto.

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Approximately 38% of Cequent's products are sold through its installer and distributor channels. Traditional recreational vehicle distributors account for approximately 16% of Cequent's sales. Trailer OEM's account for 14% of Cequent's sales. Mass retailers account for approximately 25% of Cequent's sales, with the remainder of Cequent's business in other retail and OEM distribution. Cequent's Fulton®, Bulldog® and Wesbar®-branded trailer and related accessory products are sold directly to major trailer OEMs, recreational vehicle distributors, as well as mass retailers. In general, the trailer OEM industry is highly fragmented and specialized, and is generally a low value-added assembly industry. Cequent relies upon strong historical relationships, significant brand heritage, and its broad product offering to bolster its trailer and accessory products sales through the OEM channel and in various aftermarket segments. End-users include owners of personal watercraft, large commercial-industrial trailer users, as well as horse and stock trailering customers.

#### **Manufacturing**

We began an integration and consolidation project in late 2002 combining Cequent's towing products' Canton, Michigan and Elkhart, Indiana manufacturing facilities, and a southeast Michigan warehouse into a single, approximately 350,000 square foot efficient flow manufacturing and master warehouse center in Goshen, Indiana. The consolidation of these facilities was completed in the first quarter of 2003. In connection with the HammerBlow and Highland acquisitions, we continued to streamline our manufacturing and warehousing processes to exploit beneficial economies of scale. Cequent is currently in the process of consolidating the Sheridan, Arkansas towing products manufacturing capacity, acquired in the HammerBlow transaction, into the Goshen, Indiana facility which is expected to be substantially completed by the end of the first quarter of 2004.

Cequent's 190,000 square-foot Mosinee, Wisconsin facility contains a wide range of manufacturing, distribution and research and development capabilities. Major processes at this facility include metal stamping (up to 800 ton press capacity), a steel tube mill, thread rolling and riveting, high-volume welding and assembly, significant in-house mechanical and electrical engineering capabilities and in-house tool, die and equipment maintenance capabilities. We believe these capabilities provide it with strategic cost advantages relative to our competition. In 2001, Cequent implemented the first phase of a cost savings plan by consolidating Wesbar's West Bend, Wisconsin trailer components' selling and administrative functions and all production activities into the Mosinee, Wisconsin facility. The second phase of this cost savings plan was the consolidation, in the fourth quarter of 2002, of the remaining production of Wesbar electrical trailer products, previously in Peru, Indiana, into our Reynosa, Mexico facility.

The acquisition of HammerBlow's Juarez, Mexico facility provided Cequent with a world-class, low cost facility enabling optimization of trailer products' entire manufacturing system. Juarez is a key component in the post-acquisition consolidation of the trailer products manufacturing system, enabling the migration of higher labor content products currently produced in Wausau, Wisconsin and Mosinee, Wisconsin to the lower cost labor environment in Juarez, Mexico. The remainder of the manufacturing performed in Wausau, Wisconsin will be consolidated into the Mosinee, Wisconsin facility over the next six to 12 months.

The Tekonsha, Michigan electrical products facility contains world-class manufacturing of proprietary electrical brake-control and accessory products, as well as broad engineering capacity to support all of Cequent's electrical product categories. As part of the Bargman acquisition, completed in January 2004, we acquired a manufacturing facility in Albion, Indiana with a total of 39,000 square feet primarily dedicated to injection molding and light assembly.

Cequent employs 38 engineers and invests 2.3% of its revenue in engineering resources and product development. Cequent conducts extensive testing of its 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. In addition, on-road performance research is conducted on hitches with instrumentation-equipped trailers and towing vehicles. Product testing programs are intended to continuously maintain and improve product reliability, and to reduce manufacturing costs.

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Cequent's Australian facilities in Melbourne, Sydney and Brisbane, Australia contain manufacturing, engineering, design, and research and development capabilities. Cequent manufactures, markets, and distributes products through the Australian region as Hayman Reese®-branded towing products and towing accessories, and ROLA™-branded roof racks and roof rack accessories to the aftermarket and automotive OEM channels.

Cequent's raw material costs represent approximately 40% of its net sales. Steel is Cequent's single largest commodity and is used in the majority of its products and is delivered to Cequent's plants on a just-in-time basis from service centers. See "—Materials and Supply Arrangements".

#### **Competition**

We believe that Cequent is one of the largest North American manufacturers and distributors of towing systems, trailer and electrical products. The competitive environment for towing and trailer products is highly fragmented and is characterized by numerous smaller suppliers, even the largest of which tends to focus in narrow product categories. For instance, we believe that, across the various products that Cequent offers, only a few competitors maintain a significant or number-one market share in more than one specific product area. By comparison, Cequent competes on the basis of its broad range of products, the strength of its brands and distribution channels, as well as quality and price. Cequent's most significant competitors in towing products include Valley Automotive (AAS), Putnam Hitch Products and Curt Manufacturing. Cequent's trailer products competitors include Dutton-Lainson, Peterson, Atwood and Shelby, each of whom competes within one or at most a few categories of Cequent's broad trailer products portfolio.

#### **Industrial Specialties**

Our Industrial Specialties segment companies design and manufacture a range of industrial products for use in diverse niche markets, including construction, commercial, energy, medical and defense. Such products include precision tools, gaskets, cylinders, steel munitions casings, pressure sensitive tape and vapor barrier facings, and specialized engines. In general, these products are highly engineered, customer-specific items that are sold into niche markets with few competitors. These products are manufactured under several names, including Compac™, Lamons® Gasket, Norris Cylinder, Arrow® Engine, NI Industries, Keo® Cutters, Richards Micro-Tool, Cutting Edge Technologies and Reska Spline Products and, where useful, Industrial Specialties seeks to maintain the names for customer brand recognition.

**Compac.** Compac manufactures flame-retardant facings and jacketings and insulation tapes used in conjunction with fiberglass insulation as vapor barriers. These products are principally used for commercial, residential and industrial construction applications, and are sold to major manufacturers of fiberglass insulation. Compac's product line also includes pressure-sensitive specialty tape products that are marketed to insulation manufacturers, as well as to numerous other customers. Pressure-sensitive products for the insulation industry are utilized for sealing pipe jacketing, ducts and fiberglass wrappings to increase the efficiency and cost effectiveness of heating and cooling installations. Combined with facing and jacketing products, pressure-sensitive specialty tapes enable us to offer customers a complete systems approach to insulation installation. With important product positions in several specialty tape markets, we are expanding our presence in the industry utilizing an asphalt coater in residential insulation applications. Utilizing existing pressure-sensitive adhesive technologies, Compac continues to develop new product programs to expand its pressure-sensitive product positions into sub-segments of existing markets, including the electronics and transportation industries.

**Lamons Gasket.** Lamons manufactures and distributes metallic and nonmetallic industrial gaskets and complementary fasteners for refining, petrochemical and other industrial applications principally in the United States and Canada. Gaskets and complementary fasteners are supplied both for industrial original equipment manufacturers and maintenance repair operations. Gasket sales are made directly from the factory to major customers through twelve sales and service facilities in major regional markets, or through a large network of independent distributors. Lamons' overseas sales are either through Lamons' licensees or through its many distributors.

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**Norris Cylinder.** We believe that Norris is one of a small number of North American manufacturers 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' 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 offers a complete line of low-pressure steel cylinders used to contain and dispense acetylene gas for the welding and cutting industries. Other products Norris produces include seamless low-pressure chlorine cylinders and ASME-approved accumulator cylinders primarily used for storing breathing air and nitrogen. Norris markets cylinders primarily to major industrial gas producers and distributors, welding equipment distributors and buying groups as well as equipment manufacturers.

**Precision Tool Company.** Precision Tool Company produces a variety of specialty precision tools such as combined drills and countersinks, NC spotting drills, key seat cutters, end mills, reamers, master gears and gages. Markets served by these products include the automotive, industrial, aerospace and medical industries. Precision Tool Company's Keo® brand is the market share leader in the industrial combined drill and countersink niche. Richards Micro-Tool is a leading supplier of miniature end mills to the tool-making industry. Richards Micro-Tool has also been successful in providing the growing medical device market with bone drills and reamers.

**Arrow Engine.** Arrow manufactures specialty engines, chemical pumps and engine replacement parts for the oil and natural gas extraction and other industrial engine markets. Arrow is focused on new product development in the industrial engine spare parts market, selective acquisitions, expanding market share in the United States and Canadian markets for oilfield pumping and gas compression engines and expanding its marketing and distribution capabilities to new geographic regions outside the United States and Canada.

**NI Industries.** NI Industries manufactures large diameter shell casings provided to the United States government and foreign defense markets. We believe that NI Industries is a leading manufacturer in its product markets, due in part to its capabilities in the entire metal forming process from the acquisition of raw material to the design and fabrication of the final product. This gives NI Industries the flexibility and capacity to fully address the varied requirements of the munitions industry. The ability to form alloyed metals into the complex configurations needed to meet precise specifications in producing quality parts is a strength of this business. We believe that NI Industries is the only manufacturer in North America currently making deep drawn steel cartridge

cases. NI Industries has the capability to manufacture mortars and projectiles as well as rocket and missile casings using both hot and cold forming methods. It also has a highly automated line capable of producing grenade bodies for the recently-improved design of munitions including the extended and guided multiple launch rocket systems.

#### **Growth Opportunities**

The businesses comprising the Industrial Specialties segment have opportunities to grow through the introduction of new products, entry into new markets, and the development of new customer opportunities to reduce costs and strategic acquisitions.

- **Introduction of New Products.** The Industrial Specialties segment has a history of successfully creating and introducing new products to drive growth and there are currently several significant new product initiatives underway. Compac has recently developed a new asphalt coating product to add to its existing line of products and has secured significant long term contracts that now absorb the majority of the machine capacity. Arrow Engine has recently developed new products in the area of industrial engine spare parts for various industrial engines, including selected engines manufactured by John Deere, Caterpillar, Waukesha, Ajax and Gemini. Norris has recently developed a lightweight, high volume acetylene cylinder for trailer applications and is in the process of developing a line of cylinders to be used in the scuba diving recreational market. Precision Tool Company is developing new products for use in the medical tool market.

63

- **Entry into New Markets and Development of New Customers.** The Industrial Specialties segment has many significant opportunities to grow its businesses by offering its products to new customers and new markets. Lamons is presently targeting both additional industries (pulp and paper, power plants, mining) and international expansion, including plans to ship directly from India and China, and plans to enter markets in Australia and South America. Compac has recently entered the residential construction market with its asphalt coated product and has attracted major new customers for its pressure sensitive tape products, including 3M and automotive suppliers. Arrow Engine is also expanding the markets it serves, with growth plans to enter markets in Russia, Eastern Europe, Asia and Africa. Norris is entering the recreational scuba tank marketplace and Precision Tool Company is entering the market for medical tools.
- **Capitalize on Cost Savings Opportunities.** As the businesses in the Industrial Specialties segment expand and develop, we believe that there will be opportunities to reduce their cost structures by consolidating and streamlining manufacturing, overhead and administrative functions. Over the last three years, several businesses in the Industrial Specialties segment have undergone cost restructuring initiatives to further enhance profitability. This activity is ongoing, and several new projects are underway. Lamons is in the process of completing a major initiative to close several facilities and to consolidate several manufacturing, distribution, back office and sales functions into its Houston, Texas headquarters. Lamons' 11 gasket products manufacturing sites will be consolidated by moving a significantly higher share of manufacturing to our newly built, technologically-advanced gasket manufacturing facility in Houston, Texas and eliminating duplicative infrastructure activities. As a result of this consolidation, we believe that Lamons will generate significant savings from the rationalization of inefficient operations and the shift to centralized manufacturing using current information technology systems and third-party logistics vendors to provide parts just-in-time to customers. Compac is in the process of completing a state-of-the-art manufacturing facility in New Jersey. This new operation will combine two facilities currently operating today into one facility with a resulting gain of efficiency and cost reduction. This new facility has already started initial production and will be completed by the third quarter of 2004.
- **Strategic Acquisitions.** The Industrial Specialties segment has significant opportunities to expand its businesses with selected strategic acquisitions. The markets served by this group tend to have relatively few competitors. As a result, strategic "bolt-on" acquisitions, with the acquirer buying and consolidating another industry participant, are often available. Such "bolt-on" acquisitions can be very accretive to the buyer as a result of the relatively low purchase prices available for these small companies and the significant potential cost savings available from consolidating operations into the platform company. Acquisitions can also support new market entries and the development of new customers and/or distribution channels. Recent examples include the acquisition of Haun Industries in 2002 by Arrow Engine and Precision Tool Company's acquisition of Cutting Edge Technologies in 2003.

#### **Marketing, Customers and Distribution**

The customers of our Industrial Specialties segment are within several industries, primarily construction, commercial, defense, energy and medical. Given the niche nature of many of our products, our Industrial Specialties 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 group 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. Industrial Specialties' OEM and aftermarket customers include Airgas, Hanover, Universal Compression, BPAMoco, ExxonMobil, Owens Corning, Knaufl, 3M, Medtronic, Dow, Johns Manville, Praxair and Air Liquide.

64

#### **Manufacturing**

Industrial Specialties employs various manufacturing processes including CNC machining and stamping, fluting, forging, coating, cold heading and forming, laminating and splitting, and deep-draw stamping that require high tonnage presses. Norris uses a hot billet pierce process to produce a seamless steel cylinder with integral bottom and sides for high-pressure applications in accordance with DOT 3AA and other international specifications. In addition, Norris provides another service in massing operations of acetylene cylinders where we produce monolithic porous filler for use per DOT 8/TC 8WM or DOT 8AL/TC 8WAM specifications. Precision Tool Company manufactures millions of precision tools every year. The process includes CNC high speed, high precision grinding, turning and milling. Lamons utilizes a complete assortment of world class gasket fabricating technologies including laser cutting for metal products and water jet cutting for certain non-metallic gaskets. In addition, Lamons has a full range of CNC machining capabilities to fabricate API ring joint gaskets and Kammpro gaskets to a maximum diameter of 70 inches without welded seams. Lamons also owns and continues to develop proprietary equipment to manufacture spiral wound and heat exchanger gaskets.

#### **Competition**

This segment's primary competitors include Garlock (EnPro) and Flexitallic in gaskets; Texsteam, Williams Pumps and Continental Engine Line in engines; Harsco and Worthington in cylinders; 3M MACtac, Venture and Scapa in pressure sensitive tapes; Johns Manville in asphalt coated paper; Lamtec in vapor barriers; Lavalin and Chamberlain in shell casings; and Niagara Moon Cutters, Whitney Tool and Magafor in precision tools. This segment's units supply highly engineered, non-commodity, customer specific products and most have large shares of small markets supplied by a limited number of competitors. In a significant number of areas, value-added design, finishing, warehousing, packaging, distribution and after-sales service have generated strong customer loyalty and supplement low-cost, know-how based manufacturing skills in each business's overall competitive advantage equation.

### **Fastening Systems**

Fastening Systems manufactures a wide range of engineered fasteners utilized by thousands of end-users in diverse markets such as agricultural construction and transportation equipment and fabricated metal products, commercial and industrial maintenance and aerospace. Lake Erie Products and Monogram Aerospace Fasteners comprise Fastening Systems. Lake Erie is the product of four merged industrial fastener operations that had been historically operated as separate businesses. Lake Erie is a manufacturer of both standard and custom-designed ferrous, nonferrous and special alloy fasteners, tube nuts, fittings and security wheel locks sold to automotive, commercial and industrial markets. This segment also provides metal treating and plating services for manufacturers of fasteners and similar products out of its Lakewood and Frankfort, Indiana facilities. In 2003, the operations from the Fittings acquisition were combined with Lake Erie. The Fittings acquisition augmented the manufacturing and commercial reach of Lake Erie by adding world-class manufacturing capabilities, engineering skills and additional product offerings at its Livonia, Michigan facility.

Lake Erie offers its customers a wide-range of fastener manufacturing and finishing capabilities. Lake Erie specializes in manufacturing both standard and custom-designed large diameter fasteners, generally in sizes up to 1¼ inches in its Frankfort and Livonia manufacturing facilities and manufactures tube nuts, fittings and security wheel locks at its Livonia facility. Lake Erie manufactures both ferrous and nonferrous standard and specialty-designed small diameter fasteners, generally in sizes of 5/8 inches and smaller, in its Wood Dale, Illinois facility.

Monogram is a leading manufacturer of permanent blind bolt and temporary fasteners used in commercial and military aircraft construction and assembly. Monogram currently has 25 active patents worldwide. Monogram is a leader in the development of blind bolt fastener technology for the aerospace industry. Its Visu-Lok<sup>®</sup>, Visu-Lok<sup>®</sup> II and Radial-Lok<sup>®</sup> blind bolts, allow sections of aircraft to be joined together when access is provided to only one side of the airframe, providing certain cost efficiencies over conventional two piece fastening devices. Monogram's Composi-Lok<sup>®</sup> and Composi-Lok<sup>®</sup> II blind bolts are designed to solve unique fastening problems associated with the

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assembly of composite aircraft structures, and are therefore particularly well suited to take advantage of the increasing use of composite materials in aircraft construction.

### **Growth Opportunities**

Both Lake Erie and Monogram have significant opportunities to grow through new product introductions at Monogram, increased focus on high value-added products at Lake Erie and capitalizing on restructuring activities at Lake Erie.

- **New Product Introductions at Monogram.** Monogram has a history of developing new products and applications in its marketplace. For instance, Monogram developed the OSI-Bolt<sup>®</sup> fastener, the first aerospace blind fastener approved to replace traditional two piece fasteners in certain applications on the primary aircraft structure. Monogram is working with current customers on improving the OSI-Bolt<sup>®</sup> fastener to reduce weight and cost attributes and is in the process of introducing its new TI-OSI<sup>™</sup> bolt, which will use a titanium alloy to further reduce weight and lower cost.
- **Refocus Lake Erie Production on High Value Added Products.** Lake Erie's strategy is to focus on niche markets that require high value-added products for critical applications. Lake Erie recently made investments that expanded its in-house heat treating and plating processes to improve control over quality and to reduce lead times and material handling. Additionally, it continues to invest in tertiary processing resulting from customers' increasing needs for longer-lived products, improved adhesion properties, improved aesthetics and other requirements. These in-house tertiary processes include application of specialty chromates, patches and adhesives, wax applications and others.
- **Develop Sourcing at Lake Erie and Become Full Service Provider.** Lake Erie is positioning itself as a full service organization by developing an in-house capability to produce highly engineered, high value-added products and by supplementing this capability with a broad sourcing program enabling it to acquire a variety of commodity oriented fastener products at low global prices. We believe by complementing Lake Erie's own productions with the ability to cost competitively source and stock certain commodity items, Lake Erie is in a position to offer a full, integrated product line to its industrial customers. We believe that this emphasis on design, engineering and a full product line, coupled with an ability to offer just-in-time delivery, will position Lake Erie to capitalize on current market trends and achieve its growth objectives.

### **Marketing, Customers and Distribution**

Lake Erie and Monogram fasteners are sold through their own 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 quality- and service-oriented suppliers in their respective markets. Lake Erie products are sold to distributors and manufacturers in the agricultural, transportation, construction, fabricated metal products, and commercial and industrial maintenance markets. Lake Erie manufactures private brand products for the equipment maintenance aftermarket, supplying national and regional private brand distributor organizations.

Monogram's products are sold to manufacturers and distributors within the commercial and military aerospace industry, both domestic and foreign. Monogram works directly with aircraft manufacturers to develop and test new products and improve existing products. This close working relationship is a necessity given the critical safety nature and regulatory environment of its customers' products.

Customers of the Fastening Systems segment include Airbus, Boeing, Stork-Fokker, Honeywell, Delphi, American Axle, Caterpillar and John Deere.

### **Manufacturing**

Fastening Systems is in the process of restructuring its Lake Erie manufacturing operations to reduce excess capacity and to eliminate sub-optimal facilities such as its Lakewood, Ohio, plant.

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Following the completion of this restructuring, raw material processing and cold-heading operations will be performed in its Frankfort, Indiana, Wood Dale, Illinois and Livonia, Michigan facilities. The Frankfort, Indiana facility will be the center of our processing functions, including heat-treating and plating and other tertiary processes. Lake Erie also uses the Frankfort facility as the "pick and pack" shipping, distribution and warehouse location effectively eliminating these functions elsewhere. Executive management, sales and support functions such as human resources, accounting, information technology and purchasing will also be consolidated for all Lake Erie operations.

Monogram manufactures and assembles highly engineered specialty fasteners for the domestic and international aerospace industry in its Commerce, California facility.

The Fastener Quality Act of 1990 regulates the manufacture, importation and distribution of certain high-grade industrial fasteners in the United States. The Fastener Quality Act, which was amended in June 1999, requires specified levels of testing, certification, quality control and recordkeeping by the manufacturers, importers and distributors of such fasteners. As a result, lower barriers to entry, particularly for foreign firms, created additional competitive pressures from new market participants. Additionally, this segment along with other fastener suppliers, is required to maintain records and product tracking systems. Fastening Systems has tracking and traceability systems, which, to date, have not materially increased expenses.

#### **Competition**

This segment's primary competitors include Fontana, Nucor, Infasco, Federal Screw Works, Huck Fasteners (Alcoa), and SPS Technologies in industrial fasteners; H&L (Chicago River) in tube nuts and fittings and McCord and Gorilla in wheel locking nuts; TAF (Textron) and Fairchild Fasteners (Alcoa) in aerospace fasteners. We believe that Monogram is a leader in the blind bolt market having in excess of 50% of the market in all blind fastener product categories in which they compete.

#### **Materials and Supply Arrangements**

We are sensitive to price movements in our raw materials supply base. Our largest raw materials purchases are for steel, polyethylene and other resins and energy. Raw materials and other supplies used in our operations are normally available from a variety of competing suppliers. Metaldyne entered into several joint purchasing arrangements for steel and energy requirements from which we previously benefited as a Metaldyne subsidiary. We and Metaldyne have agreed to cooperate to provide each other with the benefits of these agreements in the future, but these benefits may not continue to be available to us. Raw materials and other supplies used in our operations are normally available from a variety of competing suppliers. Steel is purchased primarily from steel mills and service centers with pricing guarantees in the six- to twelve-month time frame. Changing global dynamics for steel production and supply will continue to present a challenge to our business. We have seen large increases in steel pricing in the first quarter of 2004. If this trend continues, we could be exposed to reduced operating profit margins depending on market conditions and customer price recovery. Polyethylene is generally a commodity resin with multiple suppliers capable of providing product. For most polyethylene purchases, we will negotiate the effective date of any upward pricing (usually 60 days). 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 sharp increases in the costs of these raw materials. Our electricity requirements are managed on a regional basis utilizing competition where deregulation is prevalent.

#### **Employees and Labor Relations**

As of December 31, 2003, we employed approximately 4,736 people, of which approximately 19.8% were unionized. At such date, approximately 11.4% of our employees were located outside the United States. We currently have union contracts covering 11 facilities worldwide (nine in the United States) and will be negotiating a collective bargaining agreement for certain employees at our Goshen, Indiana facility. The contracts covering approximately 120 employees at our Warren, Michigan (Reska) and Lakewood, Ohio (Lake Erie) facilities will expire and be renegotiated in 2004. Employee relations have generally been satisfactory. We cannot predict the impact of any further unionization of our workplace.

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#### **Seasonality; Backlog**

Sales of towing and trailer products within Cequent are generally stronger in the second and third quarters, as trailer OEMs, distributors and retailers acquire product for the spring selling season. No other operating segment experiences significant seasonal fluctuation in its business. We do not consider backlog orders to be a material factor in our business.

#### **Environmental Matters**

Our operations are subject to federal, state, local and foreign laws and regulations pertaining to pollution and protection of the environment, health and safety, governing among other things, emissions to air, discharge to waters and the generation, handling, storage, treatment and disposal of waste and other materials, and remediation of contaminated sites. We have been named as potentially responsible parties under CERCLA, the federal Superfund law, or similar state laws at several sites requiring cleanup based on disposal of wastes they generated. These laws generally impose liability for costs to investigate and remediate contamination without regard to fault and under certain circumstances liability may be joint and several resulting in one responsible party being held responsible for the entire obligation. Liability may also include damages to natural resources. We have entered into consent decrees relating to two sites in California along with the many other co-defendants in these matters. We have incurred substantial expenses for all these sites over a number of years, a portion of which has been covered by insurance. See "—Legal Proceedings" below. In addition to the foregoing, our businesses have incurred and likely will continue to incur expenses to investigate and clean up existing and former company-owned or leased property, including those properties made the subject of sale-leaseback transactions for which we have provided environmental indemnities to the lessor.

We believe that our business, operations and facilities are being operated in compliance in all material respects with applicable environmental and health and safety laws and regulations, many of which provide for substantial fines and criminal sanctions for violations. Based on information presently known to us and accrued environmental reserves, we do not expect environmental costs or contingencies to have a material adverse effect on us. The operation of manufacturing plants entails risks in these areas, however, and we may incur material costs or liabilities in the future that could adversely affect us. Potentially material expenditures could be required in the future. For example, we may be required to comply with evolving environmental and health and safety laws, regulations or requirements that may be adopted or imposed in the future or to address newly discovered information or conditions that require a response.

#### **Intangibles And Other Assets**

Our identified intangible assets, consisting of customer relationships, trademarks and trade names and technology, are valued at approximately \$320.7 million at March 31, 2004, net of accumulated amortization. We

utilized an independent valuation firm to assist us in valuing our intangible assets. The valuation of each of the identified intangibles was performed using broadly accepted valuation methodologies and techniques.

**Customer relationships** — We have developed and maintained stable, long-term buying relationships with customer groups for specific branded products and/or niche market product offerings within each of our operating group segments. Useful lives of customer relationship intangibles range from six to forty years and have been estimated using historic customer retention and turnover data. Other factors contributing to estimated useful lives include the diverse nature of niche markets and products of which we have significant share, how customers in these markets make purchases and these customers' position in the supply chain.

**Trademarks and Trade Names** — Each of our operating groups designs and manufactures products for niche markets under various trade names and trademarks including Draw-Tite<sup>®</sup>, Reese<sup>®</sup>, Hidden Hitch<sup>®</sup>, Bulldog<sup>®</sup>, Tekonsha<sup>®</sup>, Highland The Pro's Brand<sup>®</sup>, Fulton<sup>®</sup>, Wesbar<sup>®</sup>, Lake Erie Screw<sup>™</sup>, Visu-Lok<sup>®</sup>, Poly-ViseGrip<sup>™</sup>, and FlexSpout<sup>®</sup> 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/tradenames to have an indefinite life, except as otherwise dictated by applicable law.

**Technology** — We hold a number of United States and foreign patents, patent applications, and unpatented or proprietary product and process oriented technologies, particularly within Rieke Packaging Systems and Cequent Transportation Accessories. 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 five 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 20 years in the United States. 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.

Annually, 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 17.7% of our net sales for the fiscal year ended December 31, 2003 were derived from sales by our subsidiaries located outside of the United States, and we may significantly expand our international operations through acquisitions. In addition, approximately 14.5% of our operating net assets as of December 31, 2003 were located outside of the United States. We operate manufacturing facilities in Australia, Canada, England, Germany, Italy, Mexico and the United Kingdom. Within Australia, we operate three facilities that manufacture and distribute hitches, towing accessories and roof rack systems with approximately 220 employees. Our Canadian operations, with approximately 140 employees, include the production and distribution of towing products through Cequent, distribution of closures and dispensing products through Rieke's U.S. operations, and the manufacturing and distribution of gaskets produced in three gasket facilities. Within the United Kingdom, Rieke Packaging Systems Ltd. has approximately 340 employees. Englass produces specialty sprayers, pumps and related products in one facility in the U.K. TOV, a manufacturer of specialty steel industrial container closures, operates in one location in Italy. In Germany, Stolz has one facility that manufactures a wide variety of closures for industrial packaging markets. In Mexico, we conduct contract manufacturing of Cequent's electrical products and accessories, as well as metal fabrication. Additionally, Rieke's Mexico City operations produces steel and plastic drum closures and dispensing products in one factory. 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 for the year ended December 31, 2003 included in this prospectus.

Sales outside of the United States, 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.

#### 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 2003 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 under our amended and restated credit facility. Our executive offices are located in Bloomfield Hills, Michigan under a lease assumed by us from Heartland under a term that expires in January 2007. See "Related Party Transactions." Our buildings, machinery and equipment have been generally well maintained, are in good operating condition and are adequate for current production requirements. We may enter into leases for equipment in lieu of making capital expenditures to acquire such equipment or to reduce debt.

The following list sets forth the location of our principal owned and leased manufacturing and other facilities and identifies the principal operating segment utilizing such facilities. Multiple references to the same location denote separate facilities or multiple activities in that location.

Rieke Packaging Systems	Cequent Transportation Accessories	Industrial Specialties	Fastening Systems
<i>United States:</i>	<i>United States:</i>	<i>United States:</i>	<i>United States:</i>
Indiana:	Indiana:	California:	California:
Auburn	Albion	Riverbank(2)	Commerce(1)
Hamilton(1)	Elkhart	Vernon	Illinois:
	Goshen(1)	Massachusetts:	Wood Dale(1)
<i>International:</i>	South Bend	Plymouth(1)	Indiana:

Germany:	Michigan:	Michigan:	Frankfort(1)
Neunkirchen	Tekonsha(1)	Warren(1)	Michigan:
Italy:	Plymouth	New Jersey:	Livonia(1)
Valmadrera	Pennsylvania:	Edison(1)	Ohio:
Mexico:	Sheffield	Hackettstown(1)	Lakewood
Mexico City	Wisconsin:	Netcong	
United Kingdom:	Mosinee(1)	Oklahoma:	
Leicester	Wausau	Tulsa	
China:	Schofield	Texas:	
Hangzhou(1)	Ohio:	Houston(1)	
	Solon	Longview	

*International:*

Australia:  
Dandenmong,  
Victoria  
Regents Park,  
New South Wales(1)  
Wakerley,  
Queensland(1)  
Canada:  
Huntsville, Ontario  
Oakville, Ontario  
Mexico:  
Juarez(1)  
Reynosa

*International:*

Canada:  
Fort Erie, Ontario(1)  
Sarnia, Ontario(1)

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

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

We have entered into sale-leaseback transactions with respect to 12 real properties in the United States and Canada. In general, pursuant to the terms of each sale-leaseback transaction, we transferred title of the real property to a purchaser and, in turn, entered into separate leases with the purchaser having a 20-year basic lease term plus two separate ten-year renewal options. The renewal option must be exercised with respect to all, and not less than all, of the property locations. Rental payments are due monthly. All of the foregoing leases are accounted for as operating leases. Our Livonia, Michigan facility is subject to a previous sale-leaseback by Metaldyne having terms comparable to the foregoing.

**Legal Proceedings**

A civil suit was filed in the United States District Court for the Central District of California in April 1983 by the United States of America and the State of California under CERCLA, commonly known as "Superfund", against over 30 defendants, including us, for alleged release into the environment of hazardous substances disposed of at the Stringfellow Disposal Site in California. The plaintiffs have requested, among other things, that the defendants clean up the contamination at that site. A consent decree has been entered into by the plaintiffs and the defendants, including us, providing that the consenting parties perform partial remediation at the site. The State of California has agreed to take over clean-up of the site, as well as responsibility for governmental entities' past response costs. We estimate that we will have no share of the clean-up expense at this site. The plaintiffs had sought other relief such as reimbursement of response costs and injunctive relief from the defendants under CERCLA and other similar state law theories, but the consent decree governs the remedy.

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

While, based upon our present knowledge and subject to future legal and factual developments, we do not believe that any of these litigations will have a material adverse effect on our financial position, results of operations or cash flow, future legal and factual developments may result in materially adverse expenditures.

As of June 7, 2004, we were a party to approximately 925 pending cases involving an aggregate of approximately 35,541 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of our subsidiaries for use in the petrochemical refining and exploration industries. In addition, we acquired various companies to distribute our products that had distributed gaskets of other manufacturers prior to acquisition. We believe that many of our pending cases relate to locations at which none of our gaskets were distributed or used. Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 12 years ago, have been approximately \$2.0 million. All relief sought in the asbestos cases is monetary in nature. We do not have significant primary insurance to cover our settlement and defense costs. We believe that significant coverage under excess insurance policies of former owners is available to us, but we are in the process of reconstructing the documentation for these policies, and such insurance may not be available. Based upon our experience to date and other available information (including the availability of excess insurance), we do not believe that these cases will have a material adverse effect on our financial condition or future results of operations. However, we may be subjected to significant additional claims in the future, the cost of settling cases in which product identification can be made may increase, and we may be subjected to further claims in respect of the former activities of our acquired gasket distributors. We note that we are unable to make a meaningful statement concerning the monetary claims made in the asbestos cases given that, among other things, claims may be initially made in some jurisdictions without specifying the amount sought or by simply stating the requisite or maximum permissible monetary relief, and may be amended to alter the amount sought. In addition, relatively few of the claims have reached the discovery stage and even fewer claims have gone past the discovery stage. Based on the settlements made to date and the number of claims dismissed or withdrawn for lack of product identification, the Company believes that the relief sought (when specified) does not bear a reasonable relationship to the Company's potential liability.

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

## Directors and Executive Officers

The following table sets forth certain information regarding our current directors and executive officers.

Name	Age	Position
Samuel Valenti III	58	Chairman of the Board of Directors
Gary M. Banks	54	Director
Charles E. Becker	57	Director
Timothy D. Leuliette	54	Director
W. Gerald McConnell	40	Director
David A. Stockman	57	Director
Daniel P. Tredwell	46	Director
Grant H. Beard	43	President, Chief Executive Officer and Director
Benson K. Woo	49	Chief Financial Officer
E.R. (Skip) Autry, Jr.	49	Corporate Controller
Lynn A. Brooks	51	President, Rieke Packaging Systems
William A. Fullmer	44	General Counsel and Secretary
Scott D. Hazlett	48	President, Cequent Transportation Accessories
Dwayne M. Newcom	43	Vice President, Human Resources
Edward L. Schwartz	42	President, Industrial Specialties and President, Fastening Systems
Robert J. Zalupski	45	Vice President, Finance and Treasurer

**Samuel Valenti III.** Mr. Valenti was elected as Chairman of our board of directors in June 2002 and is a Senior Managing Director of Heartland Industrial Partners, L.P. He has been a director of Masco Capital Corporation since 1988. Mr. Valenti was formerly Vice President—Investments of Masco Corporation from May 1977 to October 1998. Mr. Valenti is a director of Collins & Aikman Corporation and Metaldyne Corporation.

**Gary M. Banks.** Mr. Banks was elected as one of our directors in June 2002, and is a Senior Managing Director of Heartland Industrial Partners, L.P. He served as a Director of Documentum, Inc. from March 1999 until its sale in December 2003. Mr. Banks served as Vice President and Chief Information Officer of Sithe Energies, an electricity generation trading company in New York, from October 1999 to May 2000. From August 1998 to July 1999, he was Vice President and Chief Information Officer for Xerox Corporation, a manufacturing company. From June 1992 to July 1998, Mr. Banks served as Director MIS for the agricultural division of Monsanto Inc., a life sciences company. Before joining Monsanto, he spent 15 years with Bristol-Myers Squibb Company, a pharmaceutical company. Mr. Banks is also a director of Metaldyne.

**Charles E. Becker.** Mr. Becker was elected as a director in June 2002. For over 25 years, through 1998, Mr. Becker was the CEO and co-owner of Becker Group, Inc., a global automotive interiors components supplier. Becker Group, Inc. was sold to Johnson Controls, Inc. in 1998. In January 1999, Mr. Becker re-acquired ten North American plastic molding and tooling operations from Johnson Controls which subsequently became Becker Group, LLC. He served as the Chairman of Becker Group, LLC from the acquisition through 2001. Mr. Becker is also the owner and chairman of Becker Ventures, LLC, which was established in 1998 to invest in a variety of business ventures, including businesses in the manufacturing, real estate and service industries. Mr. Becker is also a director of Metaldyne.

**Timothy D. Leuliette.** Mr. Leuliette was elected as one of our directors in June 2002, and currently serves as Metaldyne's Chairman, President and Chief Executive Officer. He is the former Vice Chairman of Detroit Diesel Corp. and has spent 27 years in management of manufacturing and services businesses and in the investment of private capital. Mr. Leuliette joined the Penske

Corporation as President & Chief Operating Officer in 1996 to address operational and strategic issues. From 1991 to 1996, Mr. Leuliette served as President & Chief Executive Officer of ITT Automotive. He also serves on a number of corporate and charitable boards, including serving as a Chairman of The Federal Reserve of Chicago, Detroit Branch. Mr. Leuliette is a Senior Managing Director and one of the co-founders of Heartland Industrial Partners, L.P. Mr. Leuliette is also a director of Collins & Aikman Corporation.

**W. Gerald McConnell.** Mr. McConnell was elected as a director in June 2002. Mr. McConnell is a Senior Managing Director of Heartland Industrial Partners L.P. Mr. McConnell was formerly a managing director at Deutsche Banc Alex. Brown (formerly Bankers Trust Co.), a banking firm, from 1997 until 1999. From 1991 until 1999, Mr. McConnell specialized in leveraged finance and financial sponsor coverage at Deutsche Banc Alex. Brown. Mr. McConnell is also a director of Collins & Aikman Corporation and Springs Industries, Inc.

**David A. Stockman.** Mr. Stockman was elected as one of our directors in June 2002. He is a Senior Managing Director and co-founder of Heartland Industrial Partners, L.P., a buyout firm, established in 1999, focused on industrial buyouts and buildups. Prior to founding Heartland, he was a senior managing director of The Blackstone Group L.P. and had been with Blackstone since 1988. Mr. Stockman is the Chairman and Chief Executive Officer of Collins & Aikman Corporation, and a director of Metaldyne Corporation and Springs Industries, Inc.

**Daniel P. Tredwell.** Mr. Tredwell was elected as one of our directors in June 2002. Mr. Tredwell is a Senior Managing Director and one of the co-founders of Heartland Industrial Partners, L.P. He has more than two decades of leveraged financing experience. Mr. Tredwell served as a Managing Director at Chase Securities Inc. and had been with Chase Securities since 1985. Mr. Tredwell is also a director of Collins & Aikman Corporation, Metaldyne Corporation and Springs Industries, Inc.

**Grant H. Beard.** Mr. Beard was appointed as our President and Chief Executive Officer in March 2001 and was appointed as a director in June 2002. From August 2000 to March 2001, Mr. Beard was President, Chief Executive Officer and Chairman of HealthMedia, Inc. From January 1996 to August 2000, he was President of the Preferred Technical Group of Dana Corporation, a manufacturer of tubular fluid routing products sold to vehicle manufacturers. He served as Vice President of Sales, Marketing and Corporate Development for Echlin, Inc., before the acquisition of Echlin by Dana in late 1998. Mr. Beard has experience at two private equity/merchant banking groups, Anderson Group and Oxford Investment Group, where he was actively involved in corporate development, strategy and operations management.

**Benson K. Woo.** Mr. Woo was appointed as our Chief Financial Officer in September 2003. From 1999 to 2003, Mr. Woo served at Metris Companies Inc. where he was Chief Financial Officer and Senior Vice President-

Business Development. From 1998 to 1999, Mr. Woo was Vice President and Chief Financial Officer at York International Corporation, a global manufacturer of heating and air conditioning equipment. He was the Vice President and Treasurer of Case Corporation (now CNH Global NV), a global machinery manufacturer from 1994 to 1998. Mr. Woo also served in senior financial roles for General Motors Corporation from 1979 to 1994 in Detroit, New York, Canada and Brazil.

**E.R. (Skip) Autry, Jr.** Mr. Autry was appointed our Corporate Controller in June 2003, prior to which he had been the Vice President, Finance for Freudenberg NOK since September 2001. From May 2000 until joining Freudenberg, Mr. Autry served as the Vice President, Finance for INTERMET Corporation, prior to which he had spent five years with Key Plastics LLC as Vice President, Operations from July 1997 to May 2000 and Vice President, Finance and Chief Financial Officer from June 1994. Key Plastics filed a petition under the federal bankruptcy laws in 2000. Prior to joining Key Plastics, Mr. Autry held a number of financial positions of increasing responsibility at the former Chrysler Corporation, and was senior manager at PricewaterhouseCoopers.

**Lynn A. Brooks.** Mr. Brooks has been President of Rieke Packaging Systems since July 1996. He joined Rieke in May 1978. Prior to his current position, his responsibilities at Rieke included Assistant Controller, Corporate Controller, and Vice President-General Manager of Rieke. Before joining Rieke, he served with Ernst & Young in the Toledo, Ohio and Fort Wayne, Indiana offices.

73

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**William A. Fullmer.** Mr. Fullmer was appointed our General Counsel and Secretary in June 2003. Prior to that, Mr. Fullmer had been with TRW Inc. starting in 1989 and serving since October 1999, as Vice President and Assistant General Counsel. During his tenure with TRW, Mr. Fullmer represented at different times TRW's Automotive Electronics, Seat Belt Systems, Linkage and Suspension Systems and Information Systems and Services businesses and acted as securities and finance counsel for the company. Mr. Fullmer is and has been since June 2003 a shareholder in the Cleveland, Ohio law firm of McDonald Hopkins Co., LPA.

**Scott D. Hazlett.** Mr. Hazlett joined us in August 2001, prior to which he was president of an internet based strategic sourcing start-up company that was wound-up pursuant to an assignment of assets for the benefit of its creditors. Mr. Hazlett previously held senior management positions from 1995 to 2000 with Case Corporation and CNH Global (Case-New Holland), a global manufacturer of agricultural and construction equipment, including Senior Vice-President, Global Aftersales for CNH, where he was accountable for the post-merger world-wide agricultural customer support and parts businesses; Vice-President-General Manager, of Case's North American aftermarket parts business, and General Manager, North American retail operations. Prior to joining Case Corporation in 1995, Mr. Hazlett held plant management and multi-plant business unit general management assignments in the paper industry with James River Corporation. He held command and staff positions in the U.S. military from 1981-1990, serving in Europe, and on the staff and faculty at the United States Military Academy at West Point.

**Dwayne M. Newcom.** Mr. Newcom was appointed our Vice President of Human Resources in June 2002, prior to which he was the Director of Human Resources for the Metaldyne Diversified Industrials Group starting in April 2001. From May 1998 to April 2001, Mr. Newcom served as the Director of Human Resources for the Preferred Technical Group, later the Coupled Products Group, of Dana Corporation. Prior to that, Mr. Newcom held a number of human resources positions, including division human resources manager, with the Clorox Company, from November 1996 to May 1998, and with Federal Mogul Corporation from May 1985 to November 1996.

**Edward L. Schwartz.** Mr. Schwartz joined us as President of Industrial Specialties in February 2003 and became President of Fastening Systems in November 2003 as well. Prior to joining us, he was Executive Vice President of Philips Electronic LG Display ("Philips") Americas region from December 2001 until his recent role with us where his responsibilities included managing CRT commercial and industrial activities in North/South America. From February 2000 until November 2001, Mr. Schwartz worked for Philips Electronics as Vice President in Hasselt, Belgium and Eindhoven, The Netherlands where he led various projects in support of Philips Patent Portfolio efforts of CD/DVD technology. From September 1998 until January 2000, Mr. Schwartz was General Manager for Philips Electronics, in Wetzlar, Germany where he managed commercial/industrial activities in Europe for automotive components.

**Robert J. Zalupski.** Mr. Zalupski was appointed our Vice President, Finance and Treasurer in January 2003. He joined the Company as Director of Finance and Treasury in July 2002, prior to which he worked in the Detroit office of Arthur Andersen. From August 1996 through November 2001, Mr. Zalupski was a partner in the audit and business advisory services practice of Arthur Andersen providing audit, business consulting, and risk management services to both public and privately-held companies in the manufacturing, defense and automotive industries. Arthur Andersen filed a petition under the federal bankruptcy laws in 2002. Prior to August 1996, Mr. Zalupski held various positions of increasing responsibility within the audit practice of Arthur Andersen serving public and privately-held clients in a variety of industries.

#### Composition of the Board After This Offering

Our board of directors currently consists of eight directors. We expect to add three new independent members to our board of directors prior to the consummation of this offering. Upon the consummation of this offering, our certificate of incorporation will be amended to provide that our board of directors will be divided into three classes. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, directors in that

74

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class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. We currently anticipate that the classes will be composed as follows:

- Class I directors: will be Class I directors whose terms will expire at the 2005 annual meeting of stockholders;
- Class II directors: will be Class II directors whose terms will expire at the 2006 annual meeting of stockholders; and
- Class III directors: will be Class III directors whose terms will expire at the 2007 annual meeting of stockholders.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Upon consummation of this offering, we will be a "controlled company" within the meaning of the New York Stock Exchange's corporate governance rules. This determination is based upon the shared control of shares of common stock in our company by Heartland and Metaldyne. We have elected to take advantage of all of the exemptions from the corporate governance rules that are available to us, specifically that we have a majority of our directors be independent and that our compensation and nominating/corporate governance committees be comprised solely of independent directors. With the addition of these new independent directors and Mr. Becker, we will have four independent directors within the meaning of the New York Stock Exchange Rules.

#### **Committees of the Board of Directors**

We currently have an executive committee, an audit committee and a compensation committee. Prior to the consummation of this offering, we intend to form a nominating and corporate governance committee that will include at least one independent director.

**Executive Committee.** We have elected to be governed by the provisions of Section 141(c)(2) of the Delaware General Corporation Law, or DGCL, and have established our executive committee under these provisions. Our executive committee currently has all the powers and authority of our board of directors in the management of our business and affairs, except in respect of:

- approving or adopting, or recommending to stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, and
- adopting, amending or repealing any of our by-laws.

We call the types of actions described in the previous two bullets "full board matters." Our executive committee has the power and authority to submit recommendations to the board of directors with respect to all matters requiring action by the full board of directors prior to the board of directors taking any action. Upon the consummation of this offering, the scope of the executive committee's authority will be modified to exclude those matters which applicable stock exchange listing or SEC rules require to be within the purview of our independent directors or which is otherwise in conflict with such rules.

The executive committee is comprised of Messrs. Beard, Stockman, Tredwell and Valenti.

**Audit Committee.** The audit committee reviews our various accounting, financial reporting and internal control functions and is responsible for (1) selecting our independent auditors, (2) approving the overall scope of the audit, (3) assisting the board in monitoring the integrity of our financial statements, our independent auditor's qualifications and independence, the performance of our independent auditor and our internal audit function and our compliance with relevant legal and regulatory requirements, (4) annually reviewing our independent auditors' report describing the auditing firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, (5) discussing the annual audited financial and quarterly statements with management and the independent auditor, (6) discussing

75

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earnings press releases and any financial information or earnings guidance provided to analysts and rating agencies, (7) discussing policies with respect to risk assessment and risk management, (8) meeting separately, periodically, with management, internal auditors and the independent auditor, (9) reviewing with the independent auditor any audit problems or difficulties and managements' response, (10) setting clear hiring policies for employees or former employees of the independent auditors, (11) handling such other matters that are specifically delegated to the audit committee by applicable law or regulation or by the board of directors from time to time and (12) reporting regularly to the full board of directors.

Messrs. Tredwell, McConnell and Leuliette are the current members of the audit committee. Mr. Tredwell is the current audit committee chairman. Prior to the consummation of this offering, these persons will resign and the committee will be changed so as to comply with Rule 10A-3(b)(1) under the Exchange Act. In addition, one of the new audit committee members will be determined to be an "audit committee financial expert" as such term is defined in Item 401(h) of Regulation S-K. Prior to the consummation of the offering, our board of directors will adopt an amended and restated written charter for the audit committee to the effect described above, which will be available on our website.

**Compensation Committee.** The compensation committee is responsible for developing and maintaining our compensation strategies and policies. The compensation committee is responsible for monitoring and administering our compensation and employee benefit plans and reviewing, among other things, base salary levels, incentive awards and bonus awards for officers and key executives, and such other matters that are specifically delegated to the compensation committee by applicable law or regulation, or by the board of directors from time to time. Messrs. Stockman (chairman), Leuliette and Valenti are presently members of the compensation committee. Upon the consummation of this offering, we expect to add one independent director to this committee. The compensation committee has a retirement plan administrative sub-committee composed of Messrs. Beard and Newcom, and Ms. Cindy Kuzmanov, our Manager, Compensation and Benefits. This sub-committee is principally responsible for developing, maintaining and administering our retirement plans.

**Compensation Committee Interlocks and Insider Participation.** No member of the compensation committee is or will be an employee of ours.

**Code of Ethics.** We have adopted a code of ethics that applies to all employees including our principal executive officer, principal financial officer, controller and other persons performing similar functions. The code of ethics is posted on our Internet website.

76

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#### **Director and Executive Officer Compensation**

**Director Compensation.** Outside directors who are not affiliated with Heartland may receive cash compensation of \$50,000 per year (other than the Chairman of the Board, if any, who may receive more) for their service as members of the board of directors and they are reimbursed for reasonable out-of-pocket expenses incurred in connection with their attendance at meetings of the Board of Directors and committee meetings. In addition, outside directors not affiliated with Heartland are eligible to receive awards under our 2002 Long Term Equity Incentive Plan. In addition, prior to the consummation of this offering, we expect to adopt a new Directors Stock Compensation Plan covering up to \_\_\_\_\_ shares, which will be available solely for outside directors not affiliated with Heartland.

#### **Summary Executive Compensation**

The following table summarizes the annual and long-term compensation paid to our Chief Executive Officer, Chief Financial Officer and four other most highly compensated executive officers based on salary and

bonus, whom we refer to collectively in this prospectus as the "named executive officers", who were serving at the end of 2003.

Name and Principal Position	Annual Compensation						
	Year	Salary	Bonus(1)	Other Annual Compensation(2)	Securities Underlying Options(3)	LTIP Payouts	Other Long Term Compensation(4)
Grant H. Beard, President(5)	2003	\$ 750,000	\$ 850,000	\$ 131,300	—	—	\$ 55,600
	2002	\$ 663,600	\$ 750,000	—	555,000	—	\$ 23,200
Lynn A. Brooks, President, Rieke Packaging Systems(6)	2003	\$ 302,900	\$ 163,000	—	—	\$ 220,800	\$ 41,900
	2002	\$ 291,200	\$ 181,700	—	177,760	\$ 21,300	—
Scott D. Hazlett, President, Cequent Transportation Accessories	2003	\$ 292,300	\$ 100,000	—	—	—	\$ 23,500
	2002	\$ 270,400	\$ 201,100	—	177,760	—	\$ 2,500
Edward L. Schwartz, President, Industrial Specialties and Fastening Systems(7)	2003	\$ 253,100	\$ 180,000	\$ 64,200	111,100	—	\$ 16,300
Dwayne M. Newcom, Vice President, Human Resources	2003	\$ 207,500	\$ 90,000	—	—	—	\$ 19,200
Benson K. Woo, Chief Financial Officer(8)	2003	\$ 102,200	\$ 60,000	\$ 126,000	177,760	—	\$ 6,000

- (1) Bonuses are paid in the year subsequent to which they are earned.
- (2) Officers may receive certain perquisites and personal benefits, the dollar amounts of which are below current Commission reporting thresholds for Messrs. Hazlett, Newcom and Brooks.
- (3) Does not include options granted in 2003 as replacement for options to purchase Metaldyne common stock granted under the Metaldyne 2001 Long-Term Equity Incentive Plan earned during 2001. The securities underlying options issued as replacements for options to purchase Metaldyne stock are 51,025 and 15,308 for Messrs. Beard and Brooks, respectively. Grants of options under our 2002 Long Term Equity Incentive Plan for the years 2002 and 2003 are made in the year subsequent to which they are earned but reflected in the above table for the year in which they are earned.
- (4) Amounts represent our matching contribution under our 401(k) plan in 2003 of \$700, \$2,600, \$2,400, \$2,500 and \$1,100 for Messrs Beard, Brooks, Schwartz, Newcom and Woo respectively and other amounts we credited on behalf of a named executive officer pursuant to our quarterly pension contribution plan, supplemental executive retirement plan and compensation limit restoration plan. Amounts credited under each plan other than our 401(k) vest after five years of eligible employment.
- (5) Of Mr. Beard's Other Annual Compensation, \$49,200 represents the incremental cost to us of non-business use of our owned and leased aircraft and \$35,600 represents country club membership.
- (6) Mr. Brooks had restricted share awards that vested in January 2004. Mr. Brooks received \$215,429 in January 2004 in respect of this vesting.

77

- (7) Mr. Schwartz became one of our executive officers in February 2003. His annual salary in 2004 is expected to be \$320,000 plus a bonus to be determined. Of Mr. Schwartz's Other Annual Compensation in 2003, \$37,500 represents country club membership and \$23,400 represents tax gross ups.
- (8) Mr. Woo became our Chief Financial Officer in September 2003. Pursuant to his employment agreement, his annual salary in 2004 is expected to be \$320,000, plus a bonus to be determined. Of his Other Annual Compensation in 2003, \$84,200 represents moving expenses and \$36,000 represents tax gross ups.

#### Option Grants in Last Fiscal Year

Certain of our named executive officers received options to purchase our common stock pursuant to our 2002 Long Term Equity Incentive Plan. The table below shows the option grants in 2003.

Name	Number of Securities Underlying Options Granted(1)	Percent of Total Options/SARs Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date	Grant Date Percent Value*
Edward L. Schwartz	111,100	29.4%	\$ 20.00	3/1/13	N.M.
Benson K. Woo	177,760	47.1%	\$ 20.00	10/1/13	N.M.

\* The present value of the options as of their grant date is not presented as it is not meaningful in the context of our common stock being privately held.

#### Option Exercises and Year-End Option Value

No options were exercised in 2003 by any of the named executive officers.

#### Long Term Equity Incentive Plan

We have an equity incentive plan, referred to as the 2002 Long Term Equity Incentive Plan, for our employees, directors and consultants. It is intended to provide incentives to attract, retain and motivate employees, consultants and directors in order to achieve our long-term growth and profitability objectives. The plan provides for the grant to eligible employees, consultants and directors of stock options, stock appreciation rights, restricted shares, restricted share units payable in shares of common stock or cash, performance shares, performance units, dividend equivalents and other stock-based awards. Of the 2,222,000 shares reserved for issuance under the plan, options 1,856,837 have been granted. The plan is administered by the compensation committee of the board of directors, which has the authority to select persons to whom awards will be granted, the types of awards to be granted and the terms and conditions of the individual awards. Stock options that have been granted under the plan vest over a period of three to seven years and are not exercisable prior to certain liquidity events specified in applicable awards agreements (including this offering). Our employees who had Metaldyne vested options received TriMas options, subject to adjustments, in substitution for those options.

#### Directors' Stock Compensation Plan

Upon consummation of the offering, we expect to adopt a share-based compensation plan for non-employee directors not affiliated with Heartland pursuant to which our nonemployee directors will have an election to receive their annual retainer fees in the form of cash or our common stock. Up to \_\_\_\_\_ shares may be issued

under the plan, subject to antidilution adjustments in the event of certain changes in our capital structure. If a nonemployee director elects to receive common stock, the number of shares of common stock that will be awarded will be equal to the amount of the annual retainer fee otherwise payable in cash divided by 90% of the fair market value of a share of common stock on the date the fee is payable. Non-employee directors who choose to receive common stock may also elect to defer receipt of the common stock until termination of their service on our board of

directors. Any dividends paid in respect of deferred shares during the deferral period will also be deferred in the form of additional shares and paid out at termination from our board of directors. Notwithstanding the foregoing, no elections will be available to any nonemployee director for annual retainer fees payable for calendar year 2004. Instead, the annual retainer fee for each nonemployee director for calendar year 2004 will be paid currently in the form of a number of shares of common stock determined by dividing the amount of the annual retainer fee otherwise payable by 90% of the initial public offering price per share in this offering. The plan may be amended or terminated by our board of directors at any time, but no amendment or termination will adversely affect a nonemployee director's rights with respect to previously deferred shares without the consent of the nonemployee director.

**Annual Value Creation Program**

We adopted the Annual Value Creation Program, or AVCP, at the time of our separation from Metaldyne in June 2002. Employees under the AVCP are selected for eligibility based upon their ability to significantly impact our annual operating success. The AVCP provides an annual cash award opportunity, expressed as a percentage of base salary, and based upon the attainment of specified performance objectives. Estimated payouts for the AVCP are accrued quarterly and awards are paid within 90 days after the end of the fiscal year. Amounts paid pursuant to the AVCP in 2002 and 2003 to the named executive officers are included in the Summary Executive Compensation table above. The AVCP is administered by the compensation committee of the board of directors.

**Retirement Savings Plan and Quarterly Pension Contribution Plan**

We have established a 401(k) retirement savings plan that is intended to qualify as a defined contribution profit-sharing plan under the Internal Revenue Code Section 401(a) and includes a cash or deferred arrangement that is intended to qualify under Code Section 401(k). The plan was established and is maintained for the exclusive benefit of our eligible employees and their beneficiaries. The plan was effective January 1, 2003. We make matching contributions for active participants equal to 2.5% of their permitted contributions, up to a maximum of 5% of the participant's annual salary. Eligible employees are immediately 100% vested in both their individual and company matching contributions. Vesting in our contributions also occurs upon attainment of retirement age, death or disability.

In addition, we have established the Quarterly Pension Contribution Plan, or QPC, which is a defined contribution plan available to all of our eligible employees, including our named executive officers. The plan was established effective January 1, 2003. We make contributions to each participating employee's plan account at the end of each quarter with the contribution amount determined as a percentage of the employee's base pay. The percentage is based on the employee's age and ranges from 1.0% for employees under the age of 30 to 4.5% for employees age 50 or over. Contributions vest 100% after five years of eligible employment.

**Supplemental Executive Retirement Plan and Compensation Limit Restoration Plan**

Under our Supplemental Executive Retirement Plan, or SERP, and Compensation Limit Restoration Plan, or CLRP, certain of our executives and other key employees may receive retirement benefits in addition to those provided under our other retirement plans. Both plans are nonqualified, unfunded plans that were established effective January 1, 2003. Under our SERP, we make a contribution to each participant's account at the end of each quarter with the amount determined as a fixed percentage of the employee's base pay. The percentage is based on the employee's age on the date of original participation in the plan (6% for Mr. Brooks and 4% for the other named executive officers). Contributions vest 100% after five years of eligible employment.

Under our CLRP, we have undertaken to pay retirement benefits otherwise payable to certain individuals, including the named executive officers, under the terms of our qualified retirement plan but for the provisions of the Code limiting amounts payable under tax-qualified retirement plans.

Compensation pertaining to these plans is included in the Summary Executive Compensation Table above.

**Metaldyne Pension Plans**

Certain executive officers participate in pension plans maintained by Metaldyne that cover certain of our salaried employees. The following table shows estimated annual retirement benefits payable for life at age 65 for various levels of compensation and service under these plans.

Remuneration(1)	Years of Service(2)					
	5	10	15	20	25	30
\$100,000	\$ 5,645	\$ 11,290	\$ 16,935	\$ 22,580	\$ 28,225	\$ 33,870
200,000	11,290	22,580	33,870	45,161	56,451	67,741
300,000	16,935	33,870	50,806	67,741	84,676	101,611
400,000	22,580	45,161	67,741	90,321	112,902	135,482
500,000	28,225	56,451	84,676	112,902	141,127	169,352
600,000	33,870	67,741	101,611	135,482	169,352	203,223
700,000	39,516	79,031	118,547	158,062	197,578	237,093
800,000	45,160	90,321	135,482	180,643	225,803	270,964

(1) For purposes of determining benefits payable, remuneration in general is equal to the average of the highest five consecutive January 1 annual base salary rates paid by us prior to retirement.

(2) Vesting occurs after five full years of employment. The benefit amounts set forth in the table above have been converted from the plans' calculated five-year certain and life benefit and are not subject to reduction for social security benefits or for other offsets, except to the extent that pension or equivalent benefits are payable under a Masco Corporation plan. The table does not depict federal tax code limitations on tax-qualified plans because one of our plans is a non-qualified plan established to restore for certain salaried employees (including certain of the named executive officers) benefits that are not otherwise limited by the Code. Approximate years of credited



service for the named executive officers are: Mr. Beard-2, Mr. Brooks-24, Mr. Hazlett-2 and Mr. Newcom-2. In connection with the June 2002 transaction, the liability under this plan was retained by Metaldyne, however years of service at TriMas are credited toward the vesting requirements of this plan. We established defined contribution plans effective January 1, 2003.

Under the Metaldyne Benefit Restoration Plan Mr. Beard is eligible to receive retirement benefits in addition to those provided under our other retirement plans. Mr. Beard is to receive annually upon retirement on or after age 65, an amount which, when combined with benefits from our other retirement plans (and, for most participants, any retirement benefits payable by reason of employment by prior employers) equals up to 60 percent of the average of the participant's highest three years' cash compensation received from us (base salary and regular year-end cash bonus or equivalent estimates where cash compensation has been reduced by agreement with us). A disability benefit is payable to a participant who has been employed at least two years and becomes disabled. Participants who terminate with more than five years' service before age 65 become entitled to receive a benefit adjusted by an age-and-service vesting schedule that provides for no more than 50 percent vesting upon attainment of age 50 and 100 percent vesting no earlier than age 60, with provision for an additional 20 points of vesting (not to exceed 100 percent in total) should termination by us without cause occur prior to age 65. Such vested benefit is not payable until age 65 and is subject to offset for amounts earned from prior or future employers. A surviving spouse will receive reduced benefits upon the participant's death. A participant and his (or her) surviving spouse may also receive supplemental medical benefits. The plan is unfunded, except that accelerated payment on a present value basis is mandatory following a change of control. In connection with our separation from Metaldyne, as of June 6, 2002, the Metaldyne pension plans were curtailed with respect to our employees. Service and salary continued to accrue for our employees for benefit purposes until December 31, 2002.

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## Employment Agreements

We have entered into employment agreements with Messrs. Beard, Brooks, Hazlett, Newcom, Schwartz and Woo. Each such employment agreement states that the employee shall devote his full business time and efforts to the performance of his duties and responsibilities.

Mr. Beard's employment agreement provides that he will serve as our President and Chief Executive Officer and will receive an annual salary of \$750,000 and be eligible to receive a base bonus of up to 100% of base salary. Mr. Woo's employment agreement provides that he will serve as our Chief Financial Officer and will receive an annual salary of \$320,000, as may be adjusted during the term of the agreement, and will participate in our AVCP. Mr. Brooks' employment agreement provides that he will serve as our Group President and will receive a salary of \$291,200, as may be adjusted during the term of the agreements, and will participate in our AVCP. Mr. Schwartz's employment agreement provides that he will serve as our Group President and will receive a salary of \$280,000 as may be adjusted during the term of the agreement, and will participate in our AVCP. Mr. Hazlett's employment agreement provides that he will serve as our Group President and will receive a salary of \$290,000, as may be adjusted during the term of the agreement and will participate in our AVCP. Mr. Newcom's employment agreement provides that he will serve as our Vice President, Human Resources, will receive an annual base salary of \$190,000, as may be adjusted during the term of the agreement and will participate in our AVCP. Mr. Beard's agreement terminates on December 31, 2006 and is automatically renewable for successive one-year terms unless notice is given 30 days prior to the end of the term. Messrs. Brooks', Hazlett's, Newcom's, Schwartz's and Woo's employment agreements each expire on December 31, 2004 and are each automatically renewable for successive one-year terms unless notice is given 30 days prior to the end of the term.

Each employment agreement provides the executive with certain benefits, including participation in the 2002 Long Term Equity Incentive Plan. Each agreement provides that we may, without cause, and the employee may, for good reason, terminate the agreement such that the employee would receive two years continued base salary, a bonus equal to two times his target bonus opportunity for a 12-month period, pro-rated bonus for the year termination occurs and continued benefits for up to 24 months. Mr. Beard would receive 30 months' continued base salary, a bonus equal to the highest of the previous five years' bonus award payable over 30 months and continued benefits for 30 months. Each agreement further provides that we may, for cause, and the executive may voluntarily, without good reason, terminate the agreement without any severance payments. Cause is defined in each agreement as the employee being convicted or entering a plea of guilty or no lo contendere to a felony or the employee's willful or sustained insubordinate or negligent conduct in the performance of his duties. Further, each agreement provides that within ten days of a qualified termination following a change of control, each executive, other than Mr. Beard, would receive two and one-half times his base salary and a bonus equal to two and one-half times the target bonus opportunity for such fiscal year in addition to a two and one-half year continuation of benefits. Mr. Beard would receive three times his base salary and a bonus equal to three times the target bonus opportunity for such fiscal year in addition to a three year continuation of benefits. Lastly, each employment agreement stipulates that the executive shall refrain from competing with us for a period of two years from the date of termination.

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## PRINCIPAL STOCKHOLDER AND SELLING STOCKHOLDER

The following table sets forth information with respect to the beneficial ownership of our common stock as of June 1, 2004 by:

- each person known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages of common stock beneficially owned are reported on the basis of regulations of the Commission governing the determination of beneficial ownership of securities. Under the rules of the Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. Except as indicated in the footnotes to this table, we believe, each beneficial owner named in the table below will have sole voting and sole investment power with respect to all shares beneficially owned by them. As of May 10, 2004, we had 20,010,000 shares outstanding, but there are an additional 750,000 shares underlying a warrant issued to Metaldyne, which is exercisable at a nominal exercise price of \$0.01 per share. There will be significant agreements relating to voting and transfers of common stock in the Shareholders Agreement described under "Related Party Transactions."

Name and Beneficial Owner	Shares Beneficially Owned Before Offering		Shares Being Sold	Shares Beneficially Owned After Offering	
	Number	Percentage		Number	Percentage
Heartland Industrial Associates, L.L.C.(1)(2) 55 Railroad Avenue Greenwich, Connecticut 06830	18,500,000	89.1%	—		
Metaldyne Corporation(3)(4) 47659 Halyard Drive Plymouth, Michigan 48170	5,750,000	27.7%			
Masco Capital Corporation 21001 Van Born Road Taylor, Michigan 48180	1,250,000	6.2%	—		
Gary M. Banks(2)	18,500,000	89.1%	—		
Charles E. Becker(5)	0	0	—		
Grant H. Beard(6)	0	0	—		
Lynn A. Brooks(6)	0	0	—		
Scott D. Hazlett(6)	0	0	—		
Dwayne M. Newcom(6)	0	0	—		
Edward L. Schwartz(6)	0	0	—		
Benson K. Woo(6)					
Tim Leuliette(2)	18,500,000	89.1%	—		
W. Gerald McConnell(2)	18,500,000	89.1%	—		
David A. Stockman(2)	18,500,000	89.1%	—		
Daniel P. Tredwell(2)	18,500,000	89.1%	—		
Samuel Valenti III(2)	18,500,000	89.1%	—		
All executive officers and directors as a group (16 persons)(2)(6)	18,500,000	89.1%	—		

82

- (1) Of these shares of common stock (1) 12,750,000 are beneficially owned indirectly by Heartland Industrial Associates, L.L.C. as the general partner of each of the limited partnerships which hold shares of common stock directly and (2) 5,750,000 shares are beneficially owned by Metaldyne as summarized in footnote (3) below. These limited liability companies and limited partnership hold common stock as follows: 11,784,260 shares are held by TriMas Investment Fund I, L.L.C.; 675,000 shares are held by HIP Side-by-Side Partners, L.P.; and 290,740 shares are held by TriMas Investment Fund II, L.L.C. In addition, by reason of the shareholders agreement summarized under "Related Party Transactions," Heartland Industrial Associates, L.L.C. may be deemed to share beneficial ownership of shares of common stock held by other stockholders party to the shareholders agreement and may be considered to be a member of a "group," as such term is used under Section 13(d) under the Exchange Act. We understand that Metaldyne and Heartland Industrial Associates, L.L.C. will agree to file as part of a "group" for Section 13(d) purposes, when and as required by the Exchange Act.
- (2) All shares are beneficially owned as disclosed in footnote (1). Mr. Stockman is the Managing Member of Heartland Industrial Associates, L.L.C., but disclaims beneficial ownership of such shares. Messrs. Banks, Leuliette, McConnell, Tredwell and Valenti are also members of Heartland Industrial Associates, L.L.C. and also disclaim beneficial ownership of the shares. The business address for each such person is 55 Railroad Avenue, Greenwich, CT 06830.
- (3) Shares are held directly by Metaldyne Company L.L.C., a wholly owned subsidiary of Metaldyne Corporation. Includes a presently exercisable warrant to purchase 750,000 shares of common stock, but does not include shares of common stock beneficially owned by Heartland Industrial Associates, L.L.C. notwithstanding that we understand that Metaldyne and Heartland Industrial Associates, L.L.C. may agree to file together as a "group," as described in footnote (1) above.
- (4) Metaldyne has informed us that (1) all of its shares to be sold in this offering were purchased in the ordinary course of business, and (2) at the time of the purchase of the shares to be sold in this offering, it had no agreements or understandings, directly or indirectly, with any person to distribute such shares.
- (5) Affiliates of Mr. Becker are limited partners in Heartland Industrial Partners, L.P.
- (6) No options granted under our 2002 Long Term Equity Incentive Plan will be exercisable prior to 180 days after the consummation of this offering. Options are therefore not included.

83

## RELATED PARTY TRANSACTIONS

### Benefits of this Offering to Certain Related Parties

This offering will benefit all of our pre-offering shareholders and our officers and directors due principally to the creation of a public market for our common stock at an initial price per share that is greater than that initially paid by such shareholders or payable by our officers and directors pursuant to stock options. Though the trading price of our common stock is subject to change, this is a material benefit shared by these constituencies. In particular, Heartland and Metaldyne will benefit from this offering as follows:

- Metaldyne is assumed to be selling shares in this offering for gross proceeds of \$ , subject to market conditions. In connection with our June 2002 separation from Metaldyne, Metaldyne effectively disposed of 66% of our fully diluted common stock based upon a \$20.00 per share price and subsequently we repurchased additional shares from Metaldyne at the same price. These transactions are described below under "—Stock Purchase Agreement with Metaldyne and Heartland."
- Following the consummation of this offering, Heartland, directly and indirectly through its ownership of Metaldyne, will continue to control a majority of our voting stock and will continue to be able to elect a majority of our Board of Directors and to control us. Disclosure of their ownership is described at "Principal and Selling Stockholder." Disclosure of risks attendant to their control are described under "Risk Factors—Risks Related to Our Common Stock." Heartland's and Metaldyne's continuing

rights to designate members of our Board under a stockholders agreement are discussed below under "—Shareholders Agreement."

- Heartland and we are a party to an Advisory Agreement summarized under "—Heartland Advisory Agreement" below. Under the agreement, Heartland has provided us with ongoing consulting services with respect to financial and operational matters for an annual fee of \$4 million. At the time we entered into the agreement, we considered these fees to be comparable to what we would have paid to investment bankers and other professionals to have such services available to us, although we did not undertake any effort to test that belief. Since then, we have enhanced our staff and, as a public company, we believe we will have resources such that these services will no longer be required or, if required, will be obtained through the engagement of a third party. Since we remain contractually liable for these payments, we have agreed to pay \$8.0 million in settlement to terminate the annual fee. We will continue to pay Heartland fees for certain future financings, acquisitions and divestitures.
- We have certain continuing arrangements with Metaldyne and Heartland described elsewhere in this section of the prospectus.
- Investors in our common stock will suffer immediate and substantial dilution relative to our related parties as a result of this offering. See "Dilution."

#### **Stock Purchase Agreement with Metaldyne and Heartland**

Prior to June 6, 2002, we were wholly-owned by Metaldyne and we participated in joint activities including employee benefits programs, legal, treasury, information technology and other general corporate activities.

**General.** On June 6, 2002, Metaldyne and Heartland consummated a stock purchase agreement under which Heartland and other investors invested approximately \$265 million in us to acquire approximately 66% of our fully diluted common stock. As a result of the investment and other transactions described below, Metaldyne received \$840 million in the form of cash, retirement of debt we owed to Metaldyne or owed by us under the Metaldyne credit agreement and the repurchase of the balance of receivables we originated and sold under the Metaldyne receivables facility. Metaldyne

84

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retained shares of our common stock valued at \$120 million (based upon the \$20.00 per share price then paid by Heartland). In addition, Metaldyne received a warrant to purchase additional shares of our common stock valued at \$15 million (based upon the \$20.00 per share price then paid by Heartland). Further, since January 1, 2003 and in connection with each of the HammerBlow, Highland and Fittings acquisitions, Heartland purchased an aggregate of approximately \$35 million of our common stock. The price per share initially paid by Heartland was determined following arms' length negotiations between Heartland and disinterested members of the Board of Directors of Metaldyne. Subsequent investments were valued at the same price. In addition, we repurchased \$20.0 million of our common stock from Metaldyne at the same \$20.00 per share price. Heartland and Metaldyne presently own approximately 61% and 28% of our fully diluted common stock, respectively. We believe that the terms of the stock purchase agreement, taken as a whole, are at least as fair as would have been negotiated with a third party not affiliated with us, taking account of all of the circumstances of the transaction. See "Principal Stockholder and Selling Stockholder."

**Employee Matters.** Pursuant to the stock purchase agreement, each outstanding option to purchase Metaldyne common stock which has not vested, and which were held by our employees was canceled on the closing date. Each option held by certain present and former employees which vested on or prior to the closing date was replaced by options to purchase our common stock, with appropriate adjustments.

Pursuant to the stock purchase agreement, we agreed to promptly reimburse Metaldyne upon its written demand for (i) cash actually paid in redemption of certain restricted shares of Metaldyne held by certain employees under restricted stock awards and (ii) 42.01% of the amount of cash actually paid to certain other employees by Metaldyne in redemption of restricted stock awards held by such employees. This obligation ceased as of January 2004 when the final vesting of restricted stock awards occurred. We also have certain other obligations to reimburse Metaldyne for the allocated portion of its current and former employee related benefit plan responsibilities.

**Indemnification.** Subject to certain limited exceptions, Metaldyne, on the one hand, and we, on the other hand, retained the liabilities associated with our respective businesses. Accordingly, we will indemnify and hold harmless Metaldyne from all liabilities associated with us and our subsidiaries and their respective operations and assets, whenever conducted, and Metaldyne will indemnify and hold Heartland and us harmless from all liabilities associated with Metaldyne and its subsidiaries (excluding us and our subsidiaries) and their respective operations and assets, whenever conducted. In addition, we agreed with Metaldyne to indemnify one another for our allocated share (57.99% in the case of Metaldyne and 42.01% in our case) of liabilities not readily associated with either business, or otherwise addressed including certain costs related to the November 2000 acquisition. There are also indemnification provisions relating to certain other matters intended to effectuate other provisions of the agreement. These indemnification provisions survive indefinitely and are subject to a \$50,000 deductible. Conflicts which arise with respect whether a matter is related to us or Metaldyne may, under certain circumstances, be resolved by the Chief Executive Officer of Metaldyne, which may present conflicts of interest.

**Assumed Liabilities.** In connection with the foregoing, we assumed approximately \$37.0 million of certain liabilities and obligations of Metaldyne, comprised mainly of contractual obligations to our former employees, tax-related matters, benefit plan liabilities and reimbursements to Metaldyne for normal course payments to be made on our behalf. Payments made with respect to these obligations approximated \$6.4 million and \$15.1 million in 2003 and 2002, respectively. During 2003, we also settled approximately \$4.0 million of the assumed contractual obligations, which has been recorded as paid in capital in the accompanying statement of shareholders' equity and Metaldyne net investment and advances. We also owe Metaldyne \$2.2 million related to a \$6.3 million US federal tax net operating loss ("NOL") of Metaldyne and its consolidated subsidiaries, that was required to be allocated to TriMas under the Internal Revenue Code (for periods prior to June 6, 2002) and used on our own separately filed federal tax returns. We are required to reimburse Metaldyne for the utilization of the \$6.3 million NOL as it is used. The remaining assumed liabilities of approximately

85

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\$11.4 million, including the amount related to utilization of the NOL, are payable at various future dates and are reported as due to Metaldyne in the accompanying balance sheet as of December 31, 2003.

#### **Shareholders Agreement**

Heartland, Metaldyne and other investors are parties to a shareholders agreement regarding their ownership of our common stock. Following completion of this offering, parties holding all of our outstanding shares (other

than those sold in this offering or held by employees) will be a party to the shareholders agreement. References to Heartland refer to all of its affiliated entities collectively, unless otherwise noted. The agreement contains other covenants for the benefit of the shareholders parties thereto. As noted below, certain provisions of the shareholders agreement will not survive the completion of this offering.

**Election of Directors.** The shareholders agreement provides that the parties will vote their shares of common stock in order to cause (1) the election to the board of directors of such number of directors as shall constitute a majority of the board of directors as designated by Heartland; and (2) the election to the board of directors of up to two directors designated by Metaldyne.

**Transfers of Common Stock.** Prior to the consummation of this offering, the shareholders agreement restricts transfers of common stock except for certain transfers, including (1) to a permitted transferee of a stockholder, (2) pursuant to the "right of first offer" provision discussed below, (3) pursuant to the "tag-along" provision discussed below, (4) pursuant to the "drag-along" provision discussed below and (5) pursuant to an effective registration statement or pursuant to Rule 144 under the Securities Act.

**Right of First Offer.** The shareholders agreement provides that, prior to the consummation of this offering, no stockholder party to the agreement may transfer any of its shares other than to a permitted transferee of such stockholder or pursuant to the "tag-along" and "drag-along" provisions unless such stockholder shall offer such shares to us. If we decline to purchase the shares, then Heartland shall have the right to purchase such shares. Any shares not purchased by us or Heartland can be sold by such stockholder party to the agreement at a price not less than 90% of the price offered to us or Heartland.

**Tag-Along Rights.** The shareholders agreement grants the stockholders party to the agreement, subject to certain exceptions, in connection with a proposed transfer of common stock by Heartland or its affiliates, the right to require the proposed transferee to purchase a proportionate percentage of the shares owned by the other stockholders at the same price and upon the same economic terms as are being offered to Heartland. These rights terminate upon the consummation of this offering.

**Drag-Along Rights.** The shareholders agreement provides that when Heartland and its affiliates enter into a transaction resulting in a substantial change of control of us, Heartland has the right to require the other stockholders to sell a proportionate percentage of shares of common stock in such transaction as Heartland is selling and to otherwise vote in favor of the transactions effecting such substantial change of control. These rights terminate upon the consummation of this offering.

**Registration Rights.** The shareholders agreement provides the stockholders party to the agreement with unlimited "piggy-back" rights each time we file a registration statement except for registrations relating to (1) shares underlying management options and (2) an initial public offering consisting of primary shares. In addition, following a qualifying public equity offering, Heartland and Metaldyne have the ability to demand the registration of their shares, subject to various hold back, priority and other agreements. The shareholders agreement grants three demand registrations to Metaldyne and an unlimited number of demands to Heartland.

#### **Heartland Advisory Agreement**

We and Heartland are parties to an Advisory Agreement pursuant to which Heartland is engaged to provide consulting services to us with respect to financial and operational matters. These services include ongoing monitoring of business plans, strategic direction, development of projections, financial

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review, management and other restructuring and reorganization efforts, assistance with investor relations and other matters. Heartland also provided assistance in the selection of our senior management team and our positioning in the financial markets. Heartland is entitled to receive a fee for such services equal to \$4.0 million per annum, payable quarterly, which is what we believe we would have had to pay to an unaffiliated third party for such services when we entered into the agreement. In addition to providing ongoing consulting services, Heartland has also agreed to assist in acquisitions, divestitures and financings, for which Heartland will receive a fee equal to one percent of the value of such transactions. In 2002, Heartland received a fee of \$9.75 million and \$0.85 million in connection with our separation from Metaldyne and related financings and a subsequent issuance of debt securities. In 2003, Heartland was paid an aggregate of \$2.1 million in fees for advisory services in connection with the acquisitions of HammerBlow and Highland. The Advisory Agreement also provides that Heartland will be reimbursed for its reasonable out-of-pocket expenses. The Advisory Agreement terminates when Heartland owns less than 10% of the common equity interest it acquired in us from the June 2002 transactions or such earlier date as Heartland and we shall agree.

In connection with the consummation of this offering, subject to certain approvals, we will pay Heartland a lump sum of \$10.0 million in exchange for services related to this offering and for the discontinuation of the \$4.0 million annual fee paid under the Advisory Agreement. We will continue to reimburse Heartland for the fees and expenses incurred by them in providing us with specific transaction consulting and financial services.

#### **Corporate Services Agreement**

We and Metaldyne were party to a services agreement pursuant to which Metaldyne provided us use of its management information systems, legal, tax, accounting, human resources and other support services in return for payment of an annual fee of \$2.5 million for the services, payable in equal quarterly installments of \$625,000 for the term of the agreement. The annual fee amount represents what we believe we would pay an unaffiliated third party for such services. This agreement expired at the end of 2003. Effective January 1, 2004, we entered into a new agreement with Metaldyne whereby we will reimburse Metaldyne for certain software licensing fees and other general corporate services for a fee of approximately \$0.4 million in 2004.

#### **Assignment of Lease Agreement**

We and Heartland entered into an assignment of lease agreement for our headquarters in Bloomfield Hills, Michigan for the remainder of the term. The lease will expire on June 30, 2010 at which time we have the option to extend the lease for one five-year period. Pursuant to the terms of the assignment, we will be responsible for payment of all rent for the premises and not more than the lease agreement itself provides. We currently pay approximately \$28,866 per month which amount increases to approximately \$44,374 per month during the term of the lease. In addition, we will be required to pay all applicable taxes, utilities and other maintenance expenses and will be required to obtain general liability and fire insurance for the premises.

#### **Fittings Acquisition**

On May 9, 2003, we acquired an automotive fasteners manufacturing business, which we refer to as the Fittings acquisition, from Metaldyne for approximately \$22.7 million on a debt-free basis. In connection with the acquisition, we agreed to sublease from Metaldyne its Livonia, Michigan facility where the acquired business is currently located. The sublease extends through 2022 and the annualized lease expense was approximately \$0.2 million in 2003. The acquired business is a leading manufacturer of specialized fittings and cold-headed parts used in automotive and industrial applications. Its products include specialty tube nuts, spacers, hollow extruded components, and locking nut systems used in brake, fuel, power steering, and engine, transmission and chassis applications. We believe that the terms of this transaction, taken as a whole, are at least as fair as would have been negotiated with a third party not affiliated with us, taking account of all of the circumstances of the transaction.

#### **Sales to Related Parties**

During 2003 and 2002, we sold fastener products to Metaldyne in the amount of approximately \$0.4 million and \$0.5 million, respectively, and to Collins & Aikman Corporation, an affiliate of

Heartland, of approximately \$4.5 million and \$4.7 million, respectively. These sales were made on terms comparable to those that we have negotiated with third parties not affiliated with us. These amounts are included in net sales in the accompanying statement of operations.

#### **McDonald Hopkins Co., LPA**

Our General Counsel and Secretary, Willam A. Fullmer, is a shareholder in the law firm of McDonald Hopkins Co., LPA. We pay various fees and expenses to McDonald Hopkins on an annual basis to secure Mr. Fullmer's services as our General Counsel. In addition, McDonald Hopkins provides us with certain paralegal and administrative services, and represents us in a variety of transactional and general corporate matters. We paid McDonald Hopkins approximately \$2.4 million in fees and expenses during the year ended December 31, 2003.

#### **Relationships with Heartland**

Heartland Industrial Partners, L.P. is a private equity firm established in 1999 for the purpose of acquiring and expanding industrial companies operating in various sectors of the North American economy that are well positioned for global consolidation and growth. The managing general partner of Heartland is Heartland Industrial Associates, L.L.C. Certain of our directors are members of the general partner, specifically Messrs. Banks, Leuliette, McConnell, Tredwell, Stockman and Valenti. In addition one of our directors, Mr. Becker is a limited partner in Heartland with interests representing less than 5% of the commitments in Heartland. Heartland has informed us that its limited partners include many financial institutions, private and government employee pension funds and corporations. We may, in the ordinary course of business, have on a normal, customary and arms' length basis, relationships with certain of Heartland's limited partners, including banking, insurance and other relationships.

## **DESCRIPTION OF OUR DEBT**

### **Our Credit Facility**

#### **General**

TriMas Company LLC, a direct wholly owned subsidiary of ours, or borrower, is a party to a credit facility with JPMorgan Chase Bank, as administrative agent and collateral agent, CSFB Cayman Islands Branch, as syndication agent and Comerica Bank, National City Bank and Wachovia National Association, as documentation agents, and the other lenders party thereto.

Our credit facility consists of a senior revolving credit facility and a senior term loan facility. The revolving credit facility is comprised of loans in a total principal amount of up to \$150.0 million (of which \$7.0 million of borrowings and \$25.5 million of letters of credit were outstanding at March 31, 2004). The term loan facility is comprised of loans in a total principal amount of \$335.0 million (of which \$291.1 million was outstanding as of March 31, 2004). The revolving credit facility is available for general corporate purposes, including up to \$100.0 million for one or more permitted acquisitions.

The revolving credit facility has a five and one-half year maturity and the term loan facility has a seven and one-half year maturity. Our credit facility also provides for an uncommitted \$125.0 million incremental term loan facility for one or more permitted acquisitions.

The obligations under our credit facility are secured and unconditionally and irrevocably guaranteed jointly and severally by us and each of borrower's existing and subsequently acquired or organized domestic subsidiaries, other than TSPC, Inc., our special purpose receivables subsidiary, pursuant to the terms of a separate guarantee agreement. Although no foreign subsidiaries are currently borrowers under our credit facility, such entities may borrow under the facility in the future.

#### **Security Interests**

Borrowings under our credit facility are secured by a first priority perfected security interest in:

- borrower's capital stock and all capital stock held by us or any of our domestic subsidiaries and of each subsequently acquired or organized subsidiary of ours (which pledge, in the case of any foreign subsidiary, shall be limited to 65% of the capital stock of such foreign subsidiary to the extent the pledge of any greater percentage would result in adverse tax consequences to us); and
- substantially all of the tangible and intangible assets of ours and each of our existing or subsequently acquired or organized domestic subsidiaries, other than TSPC, Inc., with certain exceptions as set forth in our credit facility.

#### **Interest Rates and Fees**

Borrowings under our credit facility bear interest, at our option, at either:

- a base rate used by JPMorgan Chase Bank, plus an applicable margin; or
- a eurocurrency rate on deposits for one, two, three or six-month periods (or nine or twelve-month periods if, at the time of the borrowing, all lenders agree to make such a duration available), plus the applicable margin.

The applicable margin on loans under our credit facility is subject to change depending on our leverage ratio. At May 10, 2004, the applicable margin for borrowings under the revolving credit facility was 2.25% with respect to base rate loans and 3.25% with respect to eurocurrency loans and for borrowings under the term loan facility 2.50% with respect to base rate loans and 3.50% with respect to eurocurrency loans.

In addition to paying interest on outstanding principal under our credit facilities, the borrower is required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder at a rate equal to 0.75% per annum (to be reduced to (x) 0.50% per annum during the period (a) in which borrowings under the revolving facility exceed 50% of total

revolving facility commitments or (b) that we maintain a total leverage ratio of less than 3.00 to 1.00, and (y) to be further reduced to 0.375% per annum during the period in which it maintains a total leverage ratio of less than or equal to 3.00 to 1.00). The borrower also pays customary letter of credit fees.

#### **Mandatory and Optional Prepayment**

Subject to exceptions for reinvestment of proceeds and other exceptions and materiality thresholds, we are required to prepay outstanding loans under our credit facility with 100% of the net proceeds of certain asset dispositions, casualty and condemnation recovery events and incurrences of certain debt and 50% (which percentage will be reduced to 25% if our leverage ratio is less than 3.00 to 1.00 and to 0% if our leverage ratio is less than 2.00 to 1.00) of its excess cash flow.

We may voluntarily prepay loans or reduce commitments under the amended and restated credit facility, in whole or in part, subject to minimum prepayments. If we prepay eurodollar rate loans, we will be required to reimburse lenders for their breakage and redeployment costs.

#### **Amortization**

Our term loan amortizes each year in equal quarterly amounts of \$721,945 through June 30, 2009, a payment of \$134,046,798 on September 30, 2009 and \$141,848,467 on the final maturity date for the term loan. The principal amounts outstanding under the revolving credit facility will be due and payable in full at its maturity.

#### **Covenants**

Our credit facility contains negative and affirmative covenants and requirements affecting us and our subsidiaries.

Our credit facility contains the following negative covenants and restrictions which impose material restrictions on our business (and the business of our subsidiaries):

**Debt:** A prohibition on the assumption or incurrence of indebtedness other than categories of indebtedness including, without limitation, (1) indebtedness with respect to our credit facility, (2) indebtedness with respect to the 9 7/8% senior subordinated notes due 2012, (3) indebtedness with respect to our receivables facility, (4) indebtedness between and among us and our subsidiaries, (5) indebtedness arising from permitted acquisitions and (6) permitted subordinated indebtedness;

**Liens:** A prohibition on the creation, assumption or incurrence of certain liens upon any of our property, revenues or assets other than categories of liens including, without limitation, (1) liens securing payment with respect to our credit facility, (2) liens arising out of permitted acquisitions, (3) liens arising out of our receivables facility and (4) liens arising from permitted indebtedness;

**Investments, Loans, Advancements, Guarantees and Acquisitions:** A prohibition on the creation, assumption or incurrence of investments, the acquisition of options or warrants, the extension of loans or advances and the guaranteeing of obligations, other than certain categories including, without limitation, (1) investments in cash and cash equivalents, (2) permitted acquisitions, (3) investments from permitted receivables financing, (4) investments constituting permitted capital expenditures, (5) permitted joint ventures and foreign subsidiary investments and (6) loans or advances extended between us and one or more of our subsidiaries.

**Fundamental Changes:** A prohibition on the issuer engaging in activities other than those reasonably associated with acting as a holding company and a prohibition on the borrower engaging in business other than business which we were engaged in on June 6, 2002 (the date of execution of the new credit facility) and businesses reasonably related thereto, and liquidation or dissolution, consolidation with, or merger into or with, any entity, or other consummation of any acquisition of any entity, or all or substantially all of the assets of any acquisition of any entity or all or substantially all of the assets of any entity, other than (1) the dissolution or merger of any of our subsidiaries into us, (2) the purchase by us of the assets or capital stock of any of our subsidiaries, (3) a liquidation of a subsidiary not party to the credit facility that would not materially disadvantage the lenders and (4) permitted negotiated mergers or acquisitions.

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**Asset Disposition:** A prohibition on asset dispositions other than categories of asset dispositions including, without limitation, dispositions in respect of permitted (1) sales (including sales in connection with the receivables facility), (2) leasebacks, (3) consolidations, (4) mergers and (5) acquisitions.

**Sale-Leaseback Transactions:** A prohibition on entering into any sale-lease transaction except (1) where the assets are sold for not less than the cost of such assets and in an aggregate amount less than or equal to a permitted amount, (2) sale of up to a specified value of property owned as of June 6, 2002 and (3) certain acquisition lease financing.

**Restricted Payments; Certain Payments of Indebtedness:** A prohibition on (a) entering into a synthetic purchase agreement or making a dividend, distribution or payment in respect of the borrower's and certain subsidiaries' equity interest, other than transactions including, without limitation, a dividend, distribution or payment, as the case may be (1) by the borrower solely in the form of the issuer's equity interests, (2) ratably by our direct and indirect subsidiaries, (3) certain payments pursuant to employee equity incentive plans, (4) by us to meet our tax and permitted contractual obligations, (5) to refinance permitted indebtedness and (6) that is required by the credit facilities and (b) making or agreeing to pay or make, directly or indirectly, any payment or other distribution of ours in respect of principal of or interest on any Indebtedness on account of the purchase, redemption, acquisition, cancellation or termination of any Indebtedness, except (1) repayment under our credit facilities (2) regularly scheduled payments of principal and interest of subordinated indebtedness, certain permitted refinancings and (3) payment in respect of purchase money security interests with proceeds of the sale of assets securing such indebtedness. We intend to seek a consent to this covenant to permit the use of proceeds of this offering.

**Transactions with Affiliates:** A prohibition on transactions with our affiliates, other than transactions including, without limitation, (1) solely among the issuer and/or its subsidiaries, or otherwise, (2) on terms customary for similar arm's length transactions, (3) that preexisted the credit facility, (4) that relate to certain permitted fees and expenses to Heartland and (5) that otherwise comply with the terms and conditions of our credit facility.

**Restrictive Agreements:** A prohibition on entering into any agreement prohibiting (1) the creation or assumption of any lien upon our properties, revenues or assets for the benefit of a secured party under the credit facility, (2) the ability of any subsidiary to pay dividends to the borrower and (3) our ability to amend or otherwise modify our credit facility, in each case subject to customary exceptions.

The credit facility also requires us and our subsidiaries to meet the following financial covenants and ratios computed quarterly:

**Leverage Ratio:** Our leverage ratio (which is approximately the ratio of (a) our total consolidated indebtedness and outstanding amounts under our receivables facility to (b) consolidated EBITDA) may not be more than a maximum ratio that ranges from 5.50:1 for the first fiscal quarter of fiscal 2004 to 3.25:1 for the last fiscal quarter of 2006 and each fiscal quarter thereafter.

**Interest Expense Coverage Ratio:** Our interest expense coverage ratio (which is approximately the ratio of (a) consolidated EBITDA to (b) the sum of (i) consolidated cash interest expense and (ii) preferred dividends) for the most recent four consecutive fiscal quarters may not be less than a minimum ratio that ranges from 2.25:1 for the first fiscal quarter of 2004 to 2.75:1 for the third fiscal quarter of fiscal year 2006 and each fiscal quarter thereafter.

**Capital Expenditures Covenant:** A limitation on the aggregate amount of capital expenditures for any period.

In our credit facility, "EBITDA" means, on a consolidated basis for any applicable period ending on or after April 1, 2003 and with appropriate adjustments to take account of permitted acquisitions, the sum of (a) our net income, plus (b) without duplication and to the extent deducted from net income, the sum of (i) interest expense, (ii) income tax expense, (iii) depreciation and amortization and (iv) various other adjustments.

Our credit facility contains the following affirmative covenants, among others: mandatory reporting of financial and other information to the administrative agent, notice to the administrative agent upon the occurrence of certain events of default and other events, written notice of change of any information affecting the identity of the record owner or the location of collateral, preservation of existence and intellectual property, payment of obligations, maintenance of properties and insurance, notice of casualty and condemnation, access to properties and books by the lenders, compliance with laws, use of proceeds and letters of credit, additional subsidiaries and interest rate protection agreements.

#### **Events of Default**

Our credit facility specifies certain customary events of default, including, among others, non-payment of principal, interest or fees, violation of covenants, cross-defaults and cross-accelerations, inaccuracy of representations and warranties in any material respect, bankruptcy and insolvency events, change of control, failure to maintain security interests, specified ERISA events, one or more judgments for the payment of money in an aggregate amount in excess of specified amounts, the guarantees shall cease to be in full force and effect or the subordination provisions of any of our subordinated debt are found to be invalid.

#### **9 7/8% Senior Subordinated Notes due 2012**

We have issued an aggregate of \$437.8 million principal amount of 9 7/8% senior subordinated notes due 2012. The senior subordinated notes are guaranteed on a senior subordinated unsecured basis by substantially all of our existing and future wholly owned and restricted domestic subsidiaries. The senior subordinated notes mature on June 15, 2012, with interest payable semi-annually in arrears on June 15 and December 15 of each year. Interest accrues at the rate of 9 7/8% per year.

The senior subordinated notes may be redeemed at any time, in whole or in part, on or after June 15, 2007 at a redemption price equal to 104.938% of their principal amount in the first year declining yearly to par at June 15, 2010, plus accrued and unpaid interest to the date of redemption. In addition, at any time and from time to time prior to June 15, 2005, we may redeem in the aggregate up to 35% of the original principal amount of the senior subordinated notes using the net cash proceeds of certain equity offerings (including this offering) at a redemption price equal to 109.875% of the principal amount of the senior subordinated notes, plus accrued and unpaid interest to the date of redemption.

We intend to redeem 35% in principal amount of the senior subordinated notes using a portion of the net proceeds from this offering. See "Use of Proceeds."

Upon the occurrence of a change of control, each holder of the senior subordinated notes will have the right to require us to repurchase that holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of purchase.

The indenture governing the senior subordinated notes contain covenants that, among other things, limit the ability of us and our subsidiaries to:

- incur additional indebtedness or issue redeemable preferred stock;
- pay dividends and repurchase our capital stock;
- make investments;
- enter into agreements that restrict dividends from subsidiaries;
- sell assets;
- enter into transactions with their affiliates;
- incur liens; and
- engage in mergers or consolidations.

#### **Our Receivables Facility**

Our receivables facility provides up to \$125.0 million in funding from commercial paper conduits sponsored by several of the lenders under our credit facilities, based on availability of eligible receivables and other customary factors.

On June 6, 2002, certain of our subsidiaries, or the sellers, signed a receivables purchase agreement and began selling trade account receivables, or the receivables, originated by them in the United States through the receivables facility. Receivables are sold to TSPC, Inc., or the transferor, at a discount. The transferor is a bankruptcy-remote special purpose limited liability company that is our wholly-owned consolidated subsidiary.

Multi-seller commercial paper conduits supported by committed liquidity facilities are available to provide cash funding for the transferor's purchase of receivables through secured loans/tranches to the extent desired and permitted under a receivables transfer agreement. A note is issued by the transferor to the sellers for the difference between the purchase price for the receivables purchased and cash available to be borrowed through the facility. The sellers of the receivables act as servicing agents and continue to service the transferred receivables for which they receive a monthly servicing fee at a rate of 1% per annum of the average daily outstanding balance of receivables.

Availability of funding under the receivables facility depends primarily upon the outstanding trade accounts receivable balance for the week as of Friday of the previous week. This balance is reported no later than the third business day of the subsequent week to the lenders. Availability is determined by reducing the receivables balance by outstanding borrowings under the program, the historical rate of collection on those receivables and other characteristics of those receivables that affect their eligibility (such as bankruptcy or downgrading below investment grade of the obligor, delinquency and excessive concentration).

Recourse to the sellers are limited to breaches of representations, warranties and covenants and as described below. We irrevocably and unconditionally guarantee the servicing and certain other performance obligations of the sellers under the receivables purchase agreement.

The commercial paper conduits may discontinue funding the receivables facility at any time for any reason. If they do, affiliates or other entities associated with the commercial paper conduits that have short-term debt ratings of a least A-1 by Standard & Poor's Ratings Group, Inc. and P-1 by Moody's Investors Service, Inc. are obligated to fund the receivables facility.

#### **Interest**

The commercial paper conduits provide funding at their quoted cost of funds for issuing commercial paper. When not funded by the commercial paper conduits (but directly through conduit sponsors), the receivables facility will provide funding at our then-current revolving credit facility spread plus either (1) the LIBOR, adjusted for statutory reserves or (2) the higher of JPMorgan Chase Bank's prime rate or the federal funds effective rate plus 0.50%.

#### **Fees**

The receivables facility fees include a usage fee based on our leverage ratio, which fee is currently 1.50%, payable to the commercial paper conduits based upon the amount funded and a commitment fee of 0.50% based on the unused portion of the commitments. These rates are per annum and payments of these fees are made to the lenders on the monthly settlement date.

#### **Early Termination Events**

The receivables facility may be terminated for material breaches of representations and warranties, bankruptcies of the sellers or a receivables subsidiary, a deficiency in the amount of receivables lasting longer than three days, unsatisfactory performance of the receivables portfolio, cross-defaults to our other debt, or breach of specified financial covenants, among other reasons. The receivables facility contains the same financial covenants as our credit facilities.

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## DESCRIPTION OF CAPITAL STOCK

### **General**

Our amended and restated certificate of incorporation, as it is to be amended in connection with this offering, which we refer to as our certificate of incorporation, authorizes us to issue 400,000,000 shares of common stock, par value \$0.01 per share, and 100,000,000 shares of preferred stock, par value \$0.01 per share.

### **Common Stock**

As of June 1, 2004, there were outstanding 20,010,000 shares of common stock held of record by 8 stockholders and there were no shares of preferred stock issued and outstanding. In addition, there were (1) 750,000 shares of common stock reserved for issuance upon exercise of the Metaldyne common stock warrant referred to below, and (2) 1,856,837 shares of common stock reserved for issuance upon exercise of outstanding stock options, of which 465,870 were vested. Each share of our common stock has associated with it the right to purchase one-one thousandth share of series A preferred stock under our rights agreement. The holders of common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors out of funds legally available therefor. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Upon consummation of this offering, holders of common stock will have no preemptive rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

### **Preferred Stock**

As of May 10, 2004, there were no outstanding shares of preferred stock. Our certificate of incorporation authorizes the board of directors, subject to limitations prescribed by law, to issue up to 100,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon such preferred stock, including dividend rights, dividend rates, conversion rights, voting rights (which may be greater than one vote per share), rights and terms of redemption, sinking fund provisions for the redemption or purchase of the shares and liquidation preference, any or all of which may be greater than the rights of the common stock. The issuance of preferred stock could:

- adversely affect the voting power of holders of common stock and reduce the likelihood that such holders will receive dividend payments and payments upon liquidation;
- decrease the market price of our common stock; or
- delay, deter or prevent a change in our control.

Except as set forth below, we have no present plans to issue any shares of preferred stock although they may be issued in the future.

In addition, prior to the consummation of this offering our board of directors will be given the authority to issue shares of series A junior participating preferred stock from time to time and to increase the number of authorized shares of series A junior participating preferred stock. Shares of series A junior participating preferred stock will be issuable pursuant to the rights agreement that we intend to adopt prior to the consummation of this offering. See "—Rights Agreement" below. The series A junior participating preferred stock ranks junior to all other preferred stock, but senior to our common stock. The holders of series A junior participating preferred stock shall vote with the holders of our common stock as a single class, unless otherwise required by law, and are entitled to 1,000 votes per share. The board of directors may not effect any amendment to the terms of the series A



junior participating preferred stock which would adversely affect the rights, powers and preferences thereof without the prior approval of the holders of two-thirds of the then outstanding series A junior participating preferred stock. The holders of our series A junior participating preferred stock shall be entitled to receive dividends equal to 1,000 times the aggregate per share amount of any dividends declared on the common stock. In the event we are subject to any liquidation, dissolution or winding up, the holders of series A junior participating preferred stock shall be entitled to receive an aggregate per share liquidation payment of 1,000 times the payment made per share of common stock. The series A junior participating preferred stock may not be redeemed.

#### **Metaldyne Common Stock Warrant**

In connection with the June 2002 transaction, Metaldyne Company LLC received a warrant to purchase 750,000 shares of our common stock. The warrant may be exercised, in whole or in part, at any time prior to June 6, 2012 at an exercise price of \$0.01 per share. The warrant provides that the number of shares of common stock into which it can be converted will be adjusted to reflect any stock dividend, a stock split, reverse-stock split or reclassification of the common stock. The warrant is subject to transfer restrictions under the Securities Act and the Shareholders Agreement.

#### **Shareholders Agreement**

Heartland, Metaldyne and other investors are parties to a shareholders agreement regarding their ownership of our common stock. For a description of the material terms of this agreement, see "Related Party Transactions—Shareholders Agreement."

#### **Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and By-laws**

##### ***Delaware Law***

Upon consummation of this offering, we will elect to opt out of the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless either the person becoming an interested stockholder or the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales or other transactions resulting in a financial benefit to the stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years, did own, 15% or more of the corporation's voting stock.

##### ***Certificate of Incorporation and By-law Provisions***

Certain provisions of our certificate of incorporation and bylaws, which will become effective upon the closing of this offering, may have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us. Such provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock and may limit the ability of stockholders to remove current management or directors or approve transactions that stockholders may deem to be in their best interest and, therefore, could adversely affect the price of our common stock.

***Classified Board.*** Upon the consummation of this offering, our certificate of incorporation will provide that our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board. Upon consummation of this offering, our certificate of incorporation and the bylaws provide that subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the board, but must consist of not less than three or more than fifteen directors.

95

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Under the Delaware General Corporation Law, unless otherwise provided in our certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause.

***No Cumulative Voting.*** The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation does not expressly provide for cumulative voting. Under cumulative voting, a majority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors.

***Advance Notice Requirements for Stockholder Proposals and Director Nominations.*** Our by-laws provide that stockholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of stockholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a stockholder's notice must be received at our principal executive offices not less than 90 nor more than 120 days prior to the first anniversary of the previous year's annual meeting. Our by-laws also specify requirements as to the form and content of a stockholder's notice. These provisions may impede stockholders' ability to bring matters before an annual meeting of stockholders or make nominations for directors at an annual meeting of stockholders.

***No Action by Written Consent; Special Meeting.*** Our certificate of incorporation and by-laws will provide that any action required or permitted to be taken by our stockholders must be effected at a duly-called annual or special meeting of stockholders and may not be effected by any consent in writing. In addition, our by-laws provide that special meetings of our stockholders may be called only by the board of directors or the chairman of the board of directors.

***Authorized but Undesignated Stock.*** The authorization of undesignated preferred stock makes it possible for the board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us or otherwise render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

#### **Rights Agreement**

We intend to adopt, prior to consummation of this offering, a rights agreement, subject to the approval of our board of directors. Under our rights agreement, each share of our common stock has associated with it one preferred stock purchase right. Each of these rights entitles its holder to purchase, at a purchase price of \$ , subject to adjustment, one one-thousandth share of series A junior participating preferred stock under circumstances provided for in the rights agreement.

The purpose of the rights agreement is to:

- give our board of directors the opportunity to negotiate with any persons seeking to obtain control of us;

- deter acquisitions of voting control of us without assurance of fair and equal treatment of all of our stockholders; and
- prevent a person from acquiring in the market a sufficient amount of voting power over us to be in a position to block an action sought to be taken by our stockholders.

The exercise of the rights under our rights agreement would cause substantial dilution to a person attempting to acquire us on terms not approved by our board of directors and therefore would significantly increase the price that person would have to pay to complete the acquisition. Our rights agreement may deter a potential acquisition or tender offer. Until a "distribution date" occurs, the rights will:

- not be exercisable;

96

- be represented by the same certificate that represents the shares with which the rights are associated; and
- trade together with those shares.

The rights will expire at the close of business on the ten-year anniversary of the rights agreement, unless earlier redeemed or exchanged by us.

Following a "distribution date," the rights would become exercisable and we would issue separate certificates representing the rights, which would trade separately from the shares of our common stock.

A "distribution date" would occur upon the earlier of:

- ten business days after a public announcement that the person has become an "acquiring person"; or
- ten business days after a person commences or announces its intention to commence a tender or exchange offer that, if successful, would result in the person becoming an "acquiring person".

Under our rights agreement, a person becomes an "acquiring person" if the person, alone or together with a group, acquires beneficial ownership of 15% or more of the outstanding shares of our common stock. However, an "acquiring person" shall not include us, any of our subsidiaries, any of our employee benefit plans, any person or entity acting pursuant to such employee benefit plans, Heartland and its subsequent transferees of 15% or more of the outstanding shares of our common stock or Metaldyne and (under certain circumstances) its subsequent transferees of fifteen percent (15%) or more of our outstanding shares of our common stock. Our rights agreement also contains provisions designed to prevent the inadvertent triggering of the rights by institutional or certain other stockholders. If any person becomes an acquiring person, each holder of a right, other than the acquiring person, will be entitled to purchase, at the purchase price, a number of our shares of common stock having a market value two times the purchase price.

After a person becomes an acquiring person, our board of directors may exchange the rights, other than rights owned by the acquiring person, at an exchange ratio of one share of common stock, or one one-thousandth of a share of Series A junior participating preferred stock, or of a share of our preferred stock having equivalent rights, preferences and privileges, for each right.

At any time until a person has become an acquiring person and for a limited time thereafter, our board of directors may redeem all of the rights at a redemption price of \$.01 per right. On the redemption date, the rights will expire and the only entitlement of the holders of rights will be to receive the redemption price. A holder of rights will not, as such, have any rights as our stockholder, including rights to vote or receive dividends.

At any time prior to the distribution date, our board of directors may amend any provisions in the rights agreement. After the distribution date, our board of directors may amend the provisions of our rights agreement in order to:

- cure any ambiguity;
- shorten or lengthen any time period under our rights agreement; or
- make changes that will not adversely affect the interests of the holders of rights;

provided, that no amendment may be made when the rights are not redeemable. The distribution of the rights will not be taxable to our stockholders or us. Our stockholders may recognize taxable income when the rights become exercisable for our common stock or an acquiring company.

#### **Limitation of Liability and Indemnification**

Our certificate of incorporation contains provisions that limit the personal liability of each of our directors for monetary damages for breach of fiduciary duty as a director, except for liability

97

- (a) for any breach of a director's duty of loyalty to us or our affiliates or our stockholders,
- (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,
- (c) under Section 174 of the DGCL, or
- (d) for any transaction from which the director derived an improper personal benefit.

The inclusion of this provision in our certificate of incorporation may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited us and our stockholders. Our bylaws allow us to indemnify our directors, officers, employees and agents to the fullest extent permitted by the DGCL.

Our certificate of incorporation further provides that we will indemnify and hold harmless each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of ours, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, to the fullest extent permitted by

the Delaware General Corporation Law. This right of indemnification shall include the right to have paid by us the expenses, including attorneys' fees, incurred in defending any such proceeding in advance of its final disposition. If Delaware law so requires, however, the advancement of such expenses incurred by a director or officer in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person) will only be made upon the delivery to us of an undertaking by or on behalf of such person to repay all amounts so advanced if it shall ultimately be determined by final judicial decision, from which there is no further right to appeal, that such person is not entitled to be indemnified for such expenses by us.

Prior to the consummation of this offering, we intend to enter into indemnity agreements with our directors and certain of our executive officers for the indemnification and advancement of expenses to these persons. We believe that these provisions and agreements are necessary to attract and retain qualified directors and executive officers. We also intend to enter into these agreements with our future directors and certain of our executive officers. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

At present, there is no pending material litigation or proceeding involving any director, executive officer, employee or agent where indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

#### **Transfer Agent and Registrar**

We intend to appoint National City Bank to serve as the transfer agent and registrar for the common stock and as rights agent for the rights.

98

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### **SHARES ELIGIBLE FOR FUTURE SALE**

#### **Sales of Restricted Shares**

Upon the completion of this offering, we will have      shares of our common stock outstanding. Of these shares, the      shares of our common stock sold in this offering will be freely tradeable by persons other than our affiliates, as that term is defined in Rule 144 under the Securities Act of 1933, without restriction or further registration under the Securities Act of 1933.

The remaining      shares of our common stock outstanding upon completion of this offering are deemed "restricted" securities under Rule 144 under the Securities Act of 1933. Of these restricted securities,      will be eligible for sale in the public market on the date of this prospectus. Upon expiration of the lock-up agreements described below, 180 days after the date of this prospectus, an additional      shares of our common stock will be eligible for sale in the public market pursuant to Rule 144.

In general, under Rule 144, a stockholder who has beneficially owned his or her restricted shares for at least one year is entitled to sell, within any three-month period, a number of shares of our common stock that does not exceed the greater of:

- one percent of the then-outstanding shares of our common stock (approximately      shares of our common stock immediately after the completion of this offering); or
- the average weekly trading volume in our common stock on the New York Stock Exchange during the four calendar weeks preceding the date on which notice of such sale is filed, provided certain requirements concerning availability of public information, manner of sale and notice of sale are satisfied.

In addition, our affiliates must comply with the restrictions and requirements of Rule 144, other than the one-year holding period requirement, in order to publicly sell shares of our common stock which are not restricted securities. A stockholder who is not one of our affiliates and has not been our affiliate for at least three months prior to the sale and who has beneficially owned restricted shares of our common stock for at least two years may resell the shares without limitation. In meeting the one- and two-year holding periods described above, a holder of restricted shares of our common stock can include the holding period of a prior owner who was not our affiliate. The one- and two-year holding periods described above do not begin to run until the full purchase price or other consideration is paid by the person acquiring the restricted shares of our common stock from us or one of our affiliates.

#### **Management's Share-Based Compensation Plan**

Following the date of this prospectus, we intend to file a registration statement on Form S-8 under the Securities Act of 1933 to register all shares of our common stock issuable under our 2002 Long Term Equity Investment Plan. This registration statement will become effective upon filing. Once the registration statement covering these shares becomes effective, executive officers can sell them in the public market upon issuance, subject only to restrictions under applicable securities laws. See "Management—Director and Executive Compensation—Long Term Equity Incentive Plan."

#### **Registration Rights**

Our shareholders agreement provides the stockholders party to the agreement with unlimited "piggy-back" rights each time we file a registration statement except for registrations relating to (1) shares underlying management options and (2) an initial public offering consisting of primary shares. In addition, following a qualifying public equity offering, Heartland and Metaldyne have the ability to demand the registration of their shares, subject to various hold back, priority and other agreements. The shareholders agreement grants three demand registrations to Metaldyne and an unlimited number of demands to Heartland.

99

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#### **Lock-up Agreements**

We and our executive officers and directors and Heartland and Metaldyne have agreed that, with some exceptions, during the period beginning from the date of this prospectus and continuing to and including the date 180 days after the date of this prospectus, none of us will, directly or indirectly, sell, offer to sell, contract to sell or grant any option to sell (including without limitation any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended, or otherwise dispose of any shares of our common stock, options or warrants to acquire shares of our common stock currently or hereafter owned either of record or beneficially by us, or publicly announce an intention to do any of the foregoing, without the prior written consent of Goldman, Sachs & Co. and Merrill

Lynch & Co. In addition, we and our executive officers and directors and these stockholders have agreed that, without the prior written consent of Goldman, Sachs & Co. and Merrill Lynch & Co., none of us will, from the date of this prospectus and through the period ending 180 days after the date of this prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of our common stock.

Goldman, Sachs & Co. and Merrill Lynch & Co. will make the determination to release shares subject to lock-ups on a case-by-case basis after considering various factors such as the current equity market condition, the performance of the price of our common stock since the offering, the length of time before the lock-up expires, the likely impact of any release on the price of our common stock, the number of shares requested to be released and the requesting party's reason for making the request.

The lock-up agreement does not apply to: (i) the securities offered under this prospectus, (ii) any shares of common stock issued by us upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in this prospectus, (iii) any shares of common stock issued or options to purchase common stock granted pursuant to existing employee benefit plans of ours referred to in this prospectus, (iv) any shares of common stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan or (v) any shares issued in a private placement to a seller of a business or assets to us or any of our subsidiaries if no registration rights are available to be exercised within 180 days of this prospectus, provided that such issuance, shall not, in the aggregate, exceed 5% of our outstanding common stock after giving effect to this offering.

In addition, a party holding shares that are subject to the lock-up agreements may transfer such shares without the prior written consent of Goldman, Sachs & Co. and Merrill Lynch & Co., (i) as a *bona fide* gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the restriction set forth herein, or (ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value. For purposes of this exception, "immediate family" means any relationship by blood, marriage or adoption, not more remote than first cousin.

100

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## IMPORTANT UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-UNITED STATES HOLDERS

The following is a discussion of certain material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a beneficial owner thereof that is a "Non-U.S. Holder" that holds our common stock as a capital asset. A "Non-U.S. Holder" is a person or entity that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation or a foreign estate or trust. The test for whether an individual is a resident of the U.S. for federal estate tax purposes differs from the test used for federal income tax purposes. Some individuals, therefore, may be "Non-U.S. Holders" for purposes of the federal income tax discussion below, but not for purposes of the federal estate tax discussion, and vice versa.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, judicial decisions and administrative regulations and interpretations in effect as of the date of this prospectus, all of which are subject to change, including changes with retroactive effect. This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances (including, without limitation, pass-through entities or Non-U.S. Holders who hold their common stock through pass-through entities, U.S. expatriates, financial institutions, insurance companies, brokers, dealers in securities, controlled foreign corporations, passive foreign investment companies and foreign personal holding companies) and does not address any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction. Prospective holders should consult their tax advisors with respect to the federal income and estate tax consequences of holding and disposing of our common stock in light of their particular situations and any consequences to them arising under the laws of any state, local or non-U.S. jurisdiction.

### Dividends

Subject to the discussion below, dividends, if any, paid to a Non-U.S. Holder of our common stock out of our current or accumulated earnings and profits generally will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN certifying the Non-U.S. Holder's entitlement to benefits under that treaty. U.S. Treasury Regulations provide special rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends paid to a Non-U.S. Holder that is an entity should be treated as paid to the entity or to those holding an interest in that entity.

There will be no withholding tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States if a properly-executed IRS Form W-8ECI, stating that the dividends are so connected, is filed with us. Instead, the effectively connected dividends will be subject to regular U.S. income tax, generally in the same manner as if the Non-U.S. Holder were a U.S. citizen or resident alien or a domestic corporation, trust or estate as the case may be, unless a specific treaty exemption applies. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) of the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments.

### Gain on Disposition of Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless (i) the gain is effectively connected with a trade or business of such holder in the United States and if a tax treaty applies, is attributable to a permanent establishment of the Non-U.S. Holder in the United States, (ii) in the case of Non-U.S. Holders who are nonresident alien individuals, such individuals are present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (iii) we are or have been a "United States real property holding corporation" within the meaning

101

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of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder's holding period. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (i) the Non-U.S. Holder is considered to have beneficially owned no more than five percent of our common stock at all times within the shorter of (a) the five year period preceding the disposition or (b) the holder's holding period and (ii) our common stock is regularly traded on an established securities market. There

can be no assurance that our common stock will qualify and continue to qualify as regularly traded on an established securities market.

**Information Reporting Requirements and Backup Withholding**

Generally, we must report to the U.S. Internal Revenue Service, or the IRS, the amount of dividends paid, the name and address of the recipient and the amount, if any, of tax withheld. A similar report is sent to the holder. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Backup withholding will generally not apply to payments of dividends made by us or our paying agents to a Non-U.S. Holder if the holder has provided its federal taxpayer identification number, if any, or the required certification that it is not a U.S. person (which is generally provided by furnishing a properly executed IRS Form W-8BEN), unless the payer otherwise has knowledge that the payee is a U.S. person.

Under current U.S. federal income tax law, information reporting and backup withholding imposed at a rate of 28.0% will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of a broker unless the disposing holder certifies as to its non-U.S. status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding will not apply to a payment of disposition proceeds where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. However, U.S. information reporting requirements (but not backup withholding) will apply to a payment of disposition proceeds where the transaction is effected outside the United States by or through an office outside the United States of a broker that fails to maintain documentary evidence that the holder is a Non-U.S. Holder and that certain conditions are met, or that the holder otherwise is entitled to an exemption, when the broker is (i) a U.S. person, (ii) a foreign person which derived 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) a "controlled foreign corporation" for U.S. federal income tax purposes, or (iv) a foreign partnership (a) at least 50% of the capital or profits interest in which is owned by U.S. persons or (b) that is engaged in a U.S. trade or business.

Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is furnished to the IRS.

**Federal Estate Tax**

An individual Non-U.S. Holder who is treated as the owner of, or has made certain lifetime transfers of, an interest in our common stock will be required to include the value thereof in his gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

**The description set forth above may not be applicable depending on a stockholder's particular situation. Prospective stockholders of our common stock should consult their tax advisors with respect to the particular tax consequence to them of owning and disposing of our common stock, including the consequences under the laws of any state, local or foreign jurisdiction or under any applicable tax treaty.**

**UNDERWRITING**

We, Metaldyne and the underwriters named below have entered into an underwriting agreement with respect to the common stock being offered. Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are the representatives of the underwriters. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman, Sachs & Co.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	

The underwriters have agreed to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We and Metaldyne have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the front cover page of this prospectus. The underwriters may sell shares to securities dealers at a discount of up to \$ per share from the initial public offering price. Any such securities dealers may resell shares to certain other brokers or dealers at a discount of up to \$ per share from the initial public offering price. After the initial public offering, the underwriters may change the public offering price and other selling terms.

**Option to Purchase Additional Shares**

If the underwriters sell more shares than the total number shown in the table above, the underwriters have the option to buy up to an additional shares of common stock from Metaldyne to cover such sales. They may exercise this option during the 30-day period from the date of this prospectus. If any shares are purchased with this option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

**Commissions and Discounts**

The following table shows the per share and total underwriting discounts to be paid to the underwriters by us and Metaldyne. Metaldyne is paying the same per share amount and its total payment will increase to the extent the overallotment option is exercised.

Paid by the Company

	No Exercise	Full Exercise
Per Share	\$	\$
Total	\$	\$

Paid by the Selling Stockholder

	No Exercise	Full Exercise
Per Share	\$	\$
Total	\$	\$

The estimated offering expenses of TriMas and the selling stockholder, payable by us, excluding underwriting discounts and commissions, are approximately \$ million.

#### Short Positions and Price Stabilization

The representatives have advised us that, on behalf of the underwriters, they may make short sales of our common stock in connection with this offering, resulting in the sale by the underwriters of a greater number of shares than they are required to purchase pursuant to the underwriting agreement. The short position resulting from those short sales will be deemed a "covered" short position to the extent that it does not exceed the shares subject to the underwriters' overallotment option and will be deemed a "naked" short position to the extent that it exceeds that number. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the trading price of the common stock in the open market that could adversely affect investors who purchase shares in this offering. The underwriters may reduce or close out their covered short position either by exercising their option to purchase additional shares or purchasing shares in the open market. In determining which of these alternatives to pursue, the underwriters will consider the price at which shares are available for purchase in the open market as compared to the price at which they may purchase shares pursuant to the option granted to them. Any "naked" short position will be closed out by purchasing shares in the open market. Similar to the other stabilizing transactions described below, open market purchases made by the underwriters to cover all or a portion of their short position may have the effect of preventing or retarding a decline in the market price of our common stock following this offering. As a result, our common stock may trade at a price that is higher than the price that otherwise might prevail in the open market.

The representatives have advised us that, pursuant to Regulation M under the Securities Act of 1933, the underwriters may engage in transactions, including stabilizing bids or the imposition of penalty bids, that may have the effect of stabilizing or maintaining the market price of the shares of common stock at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of shares of common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A "penalty bid" is an arrangement permitting the representatives to claim the selling concession otherwise accruing to an underwriter or syndicate member in connection with the offering if the common stock originally sold by that underwriter or syndicate member is purchased by the representatives in the open market pursuant to a stabilizing bid or to cover all or part of a syndicate short position. The representatives have advised us that stabilizing bids and open market purchases may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

#### Prospectus in Electronic Format

A prospectus in electronic format will be made available on the websites maintained by one or more of the lead managers of this offering and may also be made available on websites maintained by other underwriters. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the lead managers to underwriters that may make Internet distributions on the same basis as other allocations.

#### No Sales of Similar Securities

We, our executive officers, directors and all of our existing stockholders (which include the selling stockholder participating in this offering) have agreed with the underwriters not to, directly or indirectly, offer, sell, contract to sell or otherwise dispose of any shares of common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock, during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives on behalf of the underwriters. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

#### Directed Share Program

At our request, the underwriters have reserved for sale as part of the underwritten offering, at the initial offering price, up to % of the total number of shares offered in this prospectus for our

directors and employees. The number of shares of common stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered in this prospectus.

#### Sales Outside the United States

Each underwriter has represented, warranted and agreed that: (i) it has not offered or sold and, prior to the expiry of a period of six months from the Closing date, will not offer or sell any shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any shares in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold, transferred or delivered, as part of their initial distribution or at any time thereafter, directly or indirectly, to any individual or legal entity in the Netherlands other than to individuals or legal entities who or which trade or invest in securities in the conduct of their profession or trade, which includes banks, securities intermediaries, insurance companies, pension funds, other institutional investors and commercial enterprises which, as an ancillary activity, regularly trade or invest in securities.

The shares may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the shares may be issued, whether in Hong Kong or elsewhere,

which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the securities to the public in Singapore.

Each underwriter has acknowledged and agreed that the securities have not been registered under the Securities and Exchange Law of Japan and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (1) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (ii) in compliance with any other applicable requirements of Japanese law.

#### **New York Stock Exchange Listing**

We are applying to list the common stock on the New York Stock Exchange under the symbol "TRS." In connection with the listing of our common stock on the NYSE, the underwriters will undertake to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

105

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Since January 1998, there has been no public market for the common stock. The initial public offering price will be negotiated among the company and the representatives. Factors to be considered in determining the initial public offering price, in addition to prevailing market conditions, include the company's historical performance, estimates of the business potential and earnings prospects of the company; an assessment of our management and consideration of the above factors in relation to market valuation of the companies in related businesses.

#### **Other Relationships**

From time to time in the ordinary course of their respective businesses, certain of the underwriters and their affiliates have engaged in and may in the future engage in commercial banking and/or investment banking transactions with us and our affiliates.

#### **LEGAL MATTERS**

Certain legal matters with respect to the legality of the issuance of the shares of common stock offered by this prospectus have been passed upon for us by Cahill Gordon & Reindel LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York.

#### **EXPERTS**

The financial statements of TriMas Corporation as of and for the year ended December 31, 2003 included in this prospectus and the financial statement schedule in the Registration Statement have been so included in reliance on the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein given in and upon the authority of said firm as experts in auditing and accounting. The financial statements as of December 31, 2002 and for the years ended December 31, 2002 and 2001 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The combined financial statements of Highland Group Corporation as of December 31, 2003 and 2002 and for the years ended December 31, 2003, 2002 and 2001 included in this prospectus in the Registration Statement have been so included in reliance on the report of Walthall, Drake & Wallace LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

#### **WHERE YOU CAN FIND MORE INFORMATION**

We are subject to and currently file annual, quarterly and special reports and other information with the Commission. You may read and copy any document that we file with the Commission at the Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. These Commission filings are also available to you free of charge at the Commission's web site at <http://www.sec.gov>.

106

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### **INDEX TO FINANCIAL STATEMENTS**

#### **TRIMAS CORPORATION**

	<u>Page No.</u>
<b>AUDITED FINANCIAL STATEMENTS</b>	
Report of Independent Registered Public Accounting Firm	F-2
Report of Independent Registered Public Accounting Firm	F-3
Balance Sheet as of December 31, 2003 and 2002	F-4
Statement of Operations for the Years Ended December 31, 2003, December 31, 2002 and December 31, 2001	F-5
Statement of Cash Flows for the Years Ended December 31, 2003, December 31, 2002 and December 31, 2001	F-6
Statement of Shareholders' Equity and Metaldyne Corporation Net Investment and Advances for the Years Ended December 31, 2003, December 31, 2002 and December 31, 2001	F-7

**HIGHLAND GROUP CORPORATION****AUDITED FINANCIAL STATEMENTS**

Independent Auditor's Report	F-45
Balance Sheets as of December 31, 2003 and 2002	F-46
Statements of Operations and Retained Earnings for the Years Ended December 31, 2003, 2002 and 2001	F-47
Statements of Cash Flows for the Years Ended December 31, 2003, 2002 and 2001	F-48
Notes to Financial Statements	F-49

**TRIMAS CORPORATION****UNAUDITED FINANCIAL STATEMENTS**

Balance Sheet as of March 31, 2004 (unaudited) and December 31, 2003	F-56
Statement of Operations for the Three Months Ended March 31, 2004 and March 30, 2003	F-57
Statement of Cash Flows for the Three Months Ended March 31, 2004	F-58
Statement of Shareholders' Equity for the Three Months Ended March 31, 2004	F-59
Notes to Financial Statements	F-60

F-1

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors  
and Shareholders  
TriMas Corporation:

We have audited the accompanying balance sheet of TriMas Corporation and subsidiaries as of December 31, 2003, and the related statements of operations, cash flows, and shareholders' equity and Metaldyne Corporation net investment and advances for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TriMas Corporation and subsidiaries as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Detroit, Michigan  
March 16, 2004

F-2

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and  
Board of Directors of  
TriMas Corporation:

In our opinion, the accompanying balance sheet and the related statements of operations, of cash flows and of shareholders' equity and Metaldyne Corporation net investment and advances present fairly, in all material respects, the financial position of TriMas Corporation and its subsidiaries and of certain subsidiaries and divisions of subsidiaries of Metaldyne Corporation which constitute TriMas Corporation (as more fully described in Note 1), at December 31, 2002 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and



significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 6 to the financial statements, the Company adopted Statement of Financial Accounting Standards No. 142 effective January 1, 2002. In addition, as more fully described in Note 1 to the financial statements, the previously issued financial statements have been revised for all periods to include the balances and operations of the Fittings Business acquired from Metaldyne Corporation on May 9, 2003.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan

March 27, 2003, except for the matters described in the second paragraph of Note 1 and Note 18, which are as of December 24, 2003

F-3

**TriMas Corporation**  
**Balance Sheet**  
**December 31, 2003 and 2002**  
**(dollars in thousands)**

	2003	2002
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,780	\$ 100,440
Receivables	118,970	95,690
Inventories	124,090	93,120
Deferred income taxes	10,900	18,660
Prepaid expenses and other current assets	8,440	9,830
Total current assets	269,180	317,740
Property and equipment, net	187,420	243,620
Goodwill	658,900	519,050
Other intangibles, net	322,750	283,100
Other assets	61,780	62,550
Total assets	\$ 1,500,030	\$ 1,426,060
<b>LIABILITIES, SHAREHOLDERS' EQUITY AND METALDYNE CORPORATION NET INVESTMENT AND ADVANCES</b>		
Current liabilities:		
Current maturities, long-term debt	\$ 10,920	\$ 2,990
Accounts payable	94,130	57,400
Accrued liabilities	75,100	64,300
Due to Metaldyne	4,400	9,960
Total current liabilities	184,550	134,650
Long-term debt	725,060	693,190
Deferred income taxes	149,030	156,810
Other long-term liabilities	37,770	31,080
Due to Metaldyne.	6,960	11,960
Total liabilities	1,103,370	1,027,690
Commitments and contingencies (Note 14)	—	—
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 20,010,000 and 19,250,000 shares, respectively	200	190
Paid-in capital	399,870	387,500
Retained deficit.	(38,240)	(6,940)
Accumulated other comprehensive income.	34,830	7,340
Metaldyne Corporation net investment and advances	—	10,280
Total shareholders' equity and Metaldyne Corporation net investment and advances	396,660	398,370
Total liabilities, shareholders' equity and Metaldyne Corporation net investment and advances	\$ 1,500,030	\$ 1,426,060

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

F-4

**TriMas Corporation**  
**Statement of Operations**  
**(dollars in thousands, except per share amounts)**

	For the Year Ended December 31,		
	2003	2002	2001
Net sales	\$ 905,400	\$ 750,250	\$ 748,400
Cost of sales	(673,430)	(555,660)	(546,960)
Gross profit	231,970	194,590	201,440
Selling, general and administrative expenses	(175,520)	(124,980)	(132,740)
Loss on dispositions of property and equipment	(20,110)	(1,800)	(1,400)
Impairment of goodwill	(7,600)	—	—

Operating profit	28,740	67,810	67,300
Other income (expense), net:			
Interest expense	(64,780)	(60,810)	(73,860)
Other, net	(480)	(2,310)	(2,660)
Other expense, net	(65,260)	(63,120)	(76,520)
Income (loss) before income tax (expense) benefit and cumulative effect of change in accounting principle	(36,520)	4,690	(9,220)
Income tax (expense) benefit	5,590	(2,820)	(1,950)
Income (loss) before cumulative effect of change in accounting principle	(30,930)	1,870	(11,170)
Cumulative effect of change in recognition and measurement of goodwill impairment	—	(36,630)	—
Net loss	<u>\$ (30,930)</u>	<u>\$ (34,760)</u>	<u>\$ (11,170)</u>

Basic loss per share:

Before cumulative effect of change in accounting principle	<u>\$ (1.54)</u>
Cumulative effect of change in recognition and measurement of goodwill impairment	—
Net loss attributable to common stock	<u>\$ (1.54)</u>
Weighted average common shares	<u>20,047,090</u>

Diluted loss per share:

Before cumulative effect of change in accounting principle	<u>\$ (1.54)</u>
Cumulative effect of change in recognition and measurement of goodwill impairment	—
Net loss attributable to common stock	<u>\$ (1.54)</u>
Weighted average common shares	<u>20,047,090</u>

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

F-5

**TriMas Corporation**  
**Statement of Cash Flows**  
**(dollars in thousands)**

	For the Year Ended December 31,		
	2003	2002	2001
<b>Cash flows from operating activities:</b>			
Net loss	\$ (30,930)	\$ (34,760)	\$ (11,170)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities, net of impact of acquisitions:			
Impairment of goodwill	7,600	—	—
Cumulative effect of accounting change	—	36,630	—
Loss on dispositions of property and equipment	20,110	1,800	1,400
Depreciation and amortization	54,850	39,720	54,730
Deferred income taxes	(15,140)	(6,780)	9,110
Provision for inventory write-down	—	8,500	—
Legacy stock award expense	4,830	4,240	—
Amortization of debt issue costs	4,120	2,150	—
Net proceeds from accounts receivable securitization	—	14,560	4,570
Repurchase of securitized accounts receivable from Metaldyne	—	(74,540)	—
Payment to Metaldyne to fund contractual liabilities	(6,370)	(15,130)	—
(Increase) decrease in receivables	610	(220)	20,160
(Increase) decrease in inventories	(1,470)	(3,260)	16,810
Increase in prepaid expenses and other assets	(4,110)	(1,310)	(1,400)
Increase (decrease) in accounts payable and accrued liabilities	8,940	8,540	(7,940)
Other, net	(1,680)	(2,140)	(7,560)
Net cash provided by (used for) operating activities, net of acquisition impact	<u>41,360</u>	<u>(22,000)</u>	<u>78,710</u>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(31,690)	(33,990)	(19,090)
Proceeds from sales of fixed assets	76,180	5,720	6,780
Acquisition of businesses, net of cash acquired	(205,770)	(1,920)	—
Investment in HammerBlow	—	(9,000)	—
Other, net	—	100	(710)
Net cash used for investing activities	<u>(161,280)</u>	<u>(39,090)</u>	<u>(13,020)</u>
<b>Cash flows from financing activities:</b>			
Net proceeds from issuance of common stock	35,200	259,730	—
Repurchase of common stock	(20,000)	—	—
Proceeds from senior credit facility	75,000	260,000	—
Repayments of borrowings on senior credit facility	(42,600)	—	—
Proceeds from borrowings on revolving credit facility	390,700	—	—
Repayments of borrowings on revolving credit facility	(390,700)	—	—
Debt issuance costs	(2,150)	(31,920)	—
Increase (decrease) in Metaldyne Corporation net investment and advances	(18,890)	13,730	(36,810)
Payments on notes payable	(600)	—	—
Issuance of note payable	300	—	—
Issuance of senior subordinated debentures	—	435,850	—
Repayment of bank debt attributed from Metaldyne	—	(440,760)	—
Dividend to Metaldyne	—	(338,080)	—
Net payments of other debt	—	(800)	(32,160)
Net cash provided by (used for) financing activities	<u>26,260</u>	<u>157,750</u>	<u>(68,970)</u>
<b>Cash and cash equivalents:</b>			
Increase (decrease) for the year	(93,660)	96,660	(3,280)
At beginning of year	100,440	3,780	7,060
At end of year	<u>\$ 6,780</u>	<u>\$ 100,440</u>	<u>\$ 3,780</u>

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

F-6

**TriMas Corporation**  
**Statement of Shareholders' Equity and Metaldyne Corporation Net Investment and Advances**  
**For the Years Ended December 31, 2003, 2002 and 2001**  
(dollars in thousands)

	Metaldyne Corporation Net Investment and Advances	Common stock	Paid-in capital	Retained deficit	Accumulated other comprehensive income (loss)	Total
Balances, December 31, 2000	\$ 580,380	\$ —	\$ —	\$ —	\$ 3,220	\$ 583,600
Comprehensive income (loss):						
Net loss	(11,170)	—	—	—	—	(11,170)
Foreign currency translation	—	—	—	—	(4,720)	(4,720)
Minimum pension liability (net of tax of \$110)	—	—	—	—	180	180
Total comprehensive loss	—	—	—	—	—	(15,710)
Net change in Metaldyne Corporation net investment and advances	(34,270)	—	—	—	—	(34,270)
Balances, December 31, 2001	\$ 534,940	\$ —	\$ —	\$ —	\$ (1,320)	\$ 533,620
Comprehensive income (loss):						
Net loss	(27,820)	—	—	(6,940)	—	(34,760)
Foreign currency translation	—	—	—	—	9,990	9,990
Minimum pension liability (net of tax of \$600)	—	—	—	—	(1,330)	(1,330)
Total comprehensive loss	—	—	—	—	—	(26,100)
Net proceeds from issuance of common stock	—	130	259,600	—	—	259,730
Dividend to Metaldyne Corporation	(338,080)	—	—	—	—	(338,080)
Net change in Metaldyne Corporation net investments and advances	(13,310)	—	—	—	—	(13,310)
Reclassification of Metaldyne Corporation net investment and advances balance	(145,450)	60	145,390	—	—	—
Net adjustments to reflect settlement of contractual obligations	—	—	(17,490)	—	—	(17,490)
Balances, December 31, 2002	\$ 10,280	\$ 190	\$ 387,500	\$ (6,940)	\$ 7,340	\$ 398,370
Comprehensive income (loss):						
Net income (loss)	370	—	—	(31,300)	—	(30,930)
Foreign currency translation	—	—	—	—	29,620	29,620
Minimum pension liability (net of tax of \$1,200)	—	—	—	—	(2,130)	(2,130)
Total comprehensive loss	—	—	—	—	—	(3,440)
Net proceeds from issuance of common stock	—	20	35,180	—	—	35,200
Repurchase of common stock	—	(10)	(19,990)	—	—	(20,000)
Net change in Metaldyne Corporation net investments and advances	5,570	—	—	—	—	5,570
Payment to Metaldyne Corporation to acquire fasteners business	(22,710)	—	—	—	—	(22,710)
Excess of amount paid for fasteners business over net assets acquired	6,490	—	(6,490)	—	—	—
Net adjustments to reflect settlement of contractual obligations	—	—	3,670	—	—	3,670
Balances, December 31, 2003	\$ —	\$ 200	\$ 399,870	\$ (38,240)	\$ 34,830	\$ 396,660

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

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Basis of Presentation**

TriMas Corporation ("TriMas" or the "Company"), through its subsidiaries, is a global manufacturer of products for commercial, industrial and consumer markets. The Company is principally engaged in four business segments with diverse products and market channels. Rieke Packaging Systems is a leading source of closures and dispensing systems for steel and plastic industrial and consumer packaging applications. Cequent Transportation Accessories produces vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch mounted accessories, roof racks, trailer couplers, winches, jacks, trailer brakes and lights and other vehicle and trailer accessories and components that are distributed through independent installers and retail outlets. The Industrial Specialties segment produces flame-retardant facings and jacketing and insulation tapes used in conjunction with fiberglass insulation, pressure-sensitive specialty tape products, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, metallic and nonmetallic industrial gaskets, specialty precision tools such as center drills, cutters, end mills, reamers, master gears, gages and punches, specialty engines and service parts and specialty ordnance components and weapon systems. The Fastening Systems segment produces a wide range of large and small diameter standard and custom-designed ferrous, nonferrous and special alloy fasteners used in automotive and industrial applications, and highly engineered specialty fasteners for the global aerospace industry.

On May 9, 2003, the Company acquired a fasteners manufacturing business ("Fittings") from Metaldyne Corporation ("Metaldyne") for approximately \$22.7 million on a debt free basis. The acquired business is a manufacturer of specialized fittings and cold-headed parts used in automotive and industrial applications. The transaction was funded by a combination of borrowings under the Company's revolving credit facility and a cash equity contribution by Heartland Industrial Partners ("Heartland"). The acquired business had revenues of approximately \$16.1 million, \$16.7 million and \$16.0 million in 2003, 2002 and 2001, respectively, and net assets of approximately \$12.4 million, \$10.3 million and \$12.6 million, respectively. Because the Company and Metaldyne are under common control of Heartland, this transaction was accounted for as a reorganization of entities under common control and, accordingly, the Company did not establish a new basis of accounting in the assets or liabilities of Fittings. The Company's reported results for prior periods have been revised to include the financial results of Fittings, including the allocation of certain charges to Fittings. Examples of such allocations include a Metaldyne management fee and interest expense on Fittings' net investment and advances balance. These allocations are based on estimates that management believes are reasonable. Additional adjustments to paid-in capital may be recorded in subsequent periods to reflect finalization of certain estimated amounts at the transaction date. The net asset amount related to Fittings is included in the Metaldyne Corporation net investment

and advances balance in the accompanying balance sheet. The Guarantor note information in Note 21 has been revised to include the Fittings balances in the Guarantor column for all periods presented.

Prior to June 6, 2002 and the common stock issuance and related financing transactions discussed in Note 2 below and the acquisition of Fittings from Metaldyne on May 9, 2003, the accompanying financial statements represent the combined assets and liabilities and results of operations of certain subsidiaries and divisions of subsidiaries of Metaldyne which comprised TriMas. The combined financial statements include all revenues and costs directly attributed to the Company as well as an estimate of direct and indirect Metaldyne corporate administrative costs attributed to TriMas, based on a management fee allocation that approximated 1% of net sales. This allocation of costs is based on estimates that management believes are reasonable in the circumstances. However, the charges included herein are not necessarily indicative of the amounts that would have been reported if the Company had operated as an unaffiliated company. Subsequent to May 9, 2003, the financial position and results of operations of the Company and its subsidiaries are presented on a consolidated basis and the Company no longer files a consolidated tax return with Metaldyne subsequent to June 6, 2002.

F-8

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**2. Recapitalization**

On June 6, 2002, the Company, Metaldyne and Heartland entered into a stock purchase agreement under which Heartland and other co-investors invested \$265 million in the Company to acquire approximately 66% of the Company's common stock on a fully diluted basis. To effect the transactions contemplated by the stock purchase agreement, the Company also entered into a senior credit facility consisting of a \$150 million revolving credit facility, a \$260 million term loan facility and a \$125 million receivables securitization facility, and issued senior subordinated debentures with a face value of \$352.8 million. The Company declared and paid a dividend to Metaldyne of \$840 million in the form of cash, retirement of debt owed by TriMas to Metaldyne or attributed to TriMas under the Metaldyne credit agreement and repurchase of TriMas originated receivables balances under the Metaldyne receivables facility. TriMas was released from all obligations under the Metaldyne credit agreement in connection with the common stock issuance and related financing transactions. Under the terms of the stock purchase agreement, Metaldyne retained shares of the Company's common stock valued at \$120 million and received a warrant to purchase 750,000 shares of common stock at par value of \$.01 per share, valued at \$15 million. At December 31, 2003, this warrant had not been exercised. The common stock and warrants are valued based upon the cash equity investment made by Heartland and the other investors. At December 31, 2003, Metaldyne owned 25.6% of the Company's common stock on a fully diluted basis.

This transaction was also accounted for as a reorganization under common control and, accordingly, the Company has not established a new basis of accounting in its assets or liabilities. Additional adjustments to paid-in-capital related to Metaldyne's investment in the Company have been recorded to reflect finalization of certain estimated amounts at the transaction closing date.

**3. Summary of Significant Accounting Policies**

*Principles of Consolidation.* As more fully described in Note 1, the accompanying 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 generally accepted accounting principles 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; reserves for legal and product liability matters and assets and obligations related to employee benefits. Actual results may differ from such estimates and assumptions.

*Revenue Recognition.* Revenues from product sales, except products shipped on a consignment basis, are recognized when products are shipped or services are provided to customers, the customer takes ownership and assumes risks of loss, the sales price is fixed and determinable and collectibility is reasonably assured. For products shipped on a consignment basis, revenue is recognized when the customer provides notice of end product use or sale.

*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 \$4.8 million and \$4.3 million at December 31, 2003 and 2002, respectively. The Company monitors its exposure for credit losses and maintains allowances for doubtful accounts. The Company does not believe that significant credit risk exists due to its diverse customer base.

F-9

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

*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, Net.* Property and equipment additions, including significant betterments, are recorded at cost. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in 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: buildings and buildings/land improvements, 10 to 40 years, and machinery and equipment, 3 to 15 years. Capitalized debt issuance costs are amortized over the underlying terms of the related debt securities. Customer relationship intangibles are amortized over periods ranging from 6 to 40 years, while technology and other intangibles are amortized over periods ranging from 5 to 30 years.

*Goodwill and Other Intangibles.* Prior to 2002, goodwill was amortized using the straight-line method over 40 years. Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards

("SFAS") No. 142, "Goodwill and Other Intangible Assets" and discontinued amortizing goodwill. The Company tests goodwill and indefinite lived intangibles for impairment on an annual basis, unless a change in business conditions occurs which requires a more frequent evaluation, by comparison of estimated fair value to carrying value. In assessing the recoverability of goodwill and indefinite lived intangibles, the Company estimates fair value using the present value of expected future cash flows and other valuation measures.

The Company recognizes an impairment loss if the carrying amount of other intangibles and long-lived assets is not recoverable from the assets' undiscounted cash flows. The Company reviews annually the status of customers underlying its customer relationship intangibles and records a write-off when facts and circumstances conclusively indicate that a specific customer relationship is lost. The Company tests other intangibles for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that their carrying amount may not be recoverable. The factors considered by management in performing this assessment include current operating results, business prospects, market trends, potential product obsolescence, competitor activities and other economic factors.

*Fair Value of Financial Instruments.* The carrying value of financial instruments reported in the balance sheet for current assets and current liabilities approximates fair value. Management believes the carrying value of the term loan debt approximates fair value, based on market comparisons to debt instruments of like kind and quality, while the senior subordinated notes traded at an approximate 3.5% premium over par value as of December 31, 2003.

*Foreign Currency Translation.* The financial statements of subsidiaries located outside of the United States ("U.S.") are measured using the currency of the primary economic environment in which they operate as the functional currency. Transaction gains (losses) were approximately \$0.6 million, \$1.2 million, and \$(0.1) million for the years ended December 31, 2003, 2002 and 2001, 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 (loss) in the statement of shareholders' equity and Metaldyne Corporation net investment and advances.

*Self-insurance.* The Company is generally self-insured for losses and liabilities related primarily 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

F-10

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

retention program for workers' compensation and for between \$0.3 million and \$2.0 million per occurrence under its retention programs for comprehensive general, product and vehicle liability. 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 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 with the actuaries based upon the results of their review of claims experience. Discount rates are based upon an expected benefit payments duration analysis and the equivalent average yield rate for high-quality fixed-income investments. Pension benefits are funded through deposits with trustees and the expected long-term rate of return on fund assets is based upon actual historical returns modified for known changes in the market and any expected change in investment policy. Postretirement benefits are not funded and it is the Company's policy to pay these benefits as they become due.

*Shipping and Handling Expenses.* Freight costs are included in cost of sales and a portion of shipping and handling expenses are included in the selling, general and administrative category in the accompanying statement of operations. Shipping and handling costs included in selling, general and administrative accounts were \$6.5 million, \$2.3 million and \$2.9 million for the years ended December 31, 2003, 2002 and 2001, respectively.

*Advertising and Sales Promotion Costs.* Advertising and sales promotion costs are expensed as incurred. Advertising costs were \$9.9 million, \$7.8 million and \$7.2 million for the years ended December 31, 2003, 2002 and 2001, respectively.

*Research and Development Costs.* Research and development ("R&D") costs are expensed as incurred and approximated \$1.5 million, \$1.3 million and \$1.6 million for the years ended December 31, 2003, 2002 and 2001, respectively.

*Earnings Per Share.* Basic and diluted earnings per share amounts were computed using weighted average shares outstanding for the year ended December 31, 2003. Earnings per share was not calculated for the years ended December 31, 2002 and 2001, during which time the Company was a subsidiary of Metaldyne for all or a portion of the year. All 1,717,567 stock options and 750,000 common stock warrants have been excluded from the earnings per share calculation, as they would have been antidilutive.

*Stock-based Compensation.* SFAS No. 148 "Accounting for Stock-Based Compensation—Transition and Disclosure, an amendment of SFAS No. 123," established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company continues to account for stock-based employee compensation using the intrinsic value method under Accounting Principles Board ("APB") No. 25, "Accounting for Stock Issued to Employees." Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. Accordingly, no stock-based employee compensation cost is reflected in the accompanying statement of operations, as all options granted had an exercise price equal to the fair market value of the underlying common stock on the date of grant.

F-11

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

The following table illustrates the effect on net loss and loss per share if the Company had adopted the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

(in thousands, except for per share amounts)

For the Year Ended December 31,

	2003	2002	2001
Net loss, as reported	<u>\$ (30,930)</u>	<u>\$ (34,760)</u>	<u>\$ (11,170)</u>
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of related tax effects	(930)	—	(180)
Pro-forma net loss	<u>\$ (31,860)</u>	<u>\$ (34,760)</u>	<u>\$ (11,350)</u>
Loss per share:			
Basic, as reported	<u>\$ (1.54)</u>		
Basic, pro-forma for stock-based compensation	<u>\$ (1.59)</u>		
Diluted, as reported	<u>\$ (1.54)</u>		
Diluted, pro-forma for stock-based compensation	<u>\$ (1.59)</u>		

**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 TriMas assets and liabilities. Subsequent to June 6, 2002, the Company no longer files a consolidated tax return with Metaldyne. In 2001 and prior years, TriMas was included in the consolidated U.S. federal income tax return of Metaldyne. Income tax expense was computed on a separate return basis in those years; however, substantially all current income tax related liabilities were due to Metaldyne.

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

#### 4. New Accounting Pronouncements

In December 2003, the FASB issued a revised FASB Interpretation ("FIN") 46R, "Consolidation of Variable Interest Entities" FIN 46R requires primary beneficiaries in a variable interest entity to consolidate the entity even if the primary beneficiary does not have a majority voting interest. This consolidation requirement is effective immediately for any variable interest entity created on or after January 31, 2003 and after March 15, 2004 for entities created before January 31, 2003. The adoption of FIN 46R will not have an impact on the Company's financial condition or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 provides guidance for how a company should classify and measure certain financial instruments that have characteristics of both liabilities and equity. SFAS No. 150 is effective immediately for any qualifying financial instruments issued after May 31, 2003 and becomes effective for such pre-existing financial instruments in the third quarter of 2003. The adoption of SFAS No. 150 did not have an impact on the Company's financial condition or results of operations.

In December 2003, the FASB issued SFAS No. 132 (revised), "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 132 (revised) prescribes employers' disclosures about pension plans and other postretirement benefit plans; it does not change the measurement or recognition of those plans. SFAS No. 132 (revised) retains and revises the disclosure requirements contained in the original statement. It also requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. SFAS No. 132 (revised) is effective for fiscal years ending after December 15, 2003, although certain disclosure requirements have been deferred until fiscal years ending after June 15, 2004. The Company's disclosures in Note 16 incorporate the requirements of the revised statement.

F-12

### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued)

#### 5. Acquisitions

On January 30, 2003, the Company acquired all of the capital stock of HammerBlow Acquisition Corp. ("HammerBlow"), from 2000 Riverside Capital Appreciation Fund, L.P., and other stockholders of HammerBlow. The total consideration paid was \$145.2 million (including the Company's previous investment of \$9.0 million). Of this amount, \$7.2 million, net, of the purchase price was deferred and was paid in January 2004. HammerBlow is a manufacturer and distributor of towing, trailer, and other vehicle accessories throughout North America and the purchase includes The HammerBlow Corporation, Hidden Hitch, Tekonsha Towing Systems ("Tekonsha") and Sure Pull Towing Systems ("SurePull"). HammerBlow acquired Tekonsha and SurePull from Dana Corporation on November 21, 2002.

On February 21, 2003, the Company acquired Highland Group Industries ("Highland") from the shareholders and option holders of Highland and FNL Management Corp. The total consideration paid was \$73.5 million. Highland is a market-leading supplier of cargo management products and a full line supplier of vehicle protection products, specializing in products that help people safely load, anchor, secure, tow, carry, trailer, and organize cargo, as well as protect the vehicle and its cargo area.

The acquisitions of HammerBlow and Highland are included as part of the business unit operations of Cequent Transportation Accessories and provide additional opportunities to leverage new product extensions and innovations in our towing and trailer products businesses with customers in new markets through enhanced brand awareness and distribution, particularly in the end consumer retail channel.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition dates. The Company has finalized third-party valuations of certain intangible assets and is in the process of determining costs of restructuring plans associated with these businesses. The allocation of the purchase price is subject to refinement of these estimates and consists of the following:

(in thousands)	HammerBlow	Highland	Total
Current assets	\$ 35,420	\$ 18,530	\$ 53,950
Property and equipment	19,840	5,980	25,820
Other intangible assets	46,590	18,500	65,090
Goodwill	86,500	42,900	129,400
Deferred taxes and other	2,380	1,280	3,660
Total assets acquired	<u>190,730</u>	<u>87,190</u>	<u>277,920</u>
Current liabilities	22,030	3,140	25,170
Deferred tax liabilities	23,450	10,510	33,960
Total liabilities assumed	<u>45,480</u>	<u>13,650</u>	<u>59,130</u>
Net assets acquired	<u>\$ 145,250</u>	<u>\$ 73,540</u>	<u>\$ 218,790</u>

The estimated fair values of inventories acquired were increased \$4.0 million from historical amounts, of which approximately \$1.7 million and \$2.3 million of this amount was included in cost of sales during the quarters ended June 30, 2003 and March 30, 2003, respectively. Of the \$65.1 million of acquired other intangible

assets, \$46.8 million was assigned to Customer Relationships with a useful life of 15 years, \$13.5 million was assigned to Trademarks with an indefinite life and the remaining \$4.8 million was assigned to Technology and Other with useful lives ranging from 7 - 10 years. The \$129.4 million of goodwill is assigned to the Cequent Transportation Accessories segment.

The results of these acquisitions are included in the Company's December 31, 2003 financial statements from the respective dates of acquisition. The following selected unaudited pro forma combined results of operations for the Company, HammerBlow and Highland have been prepared assuming that the acquisitions occurred at the beginning of the respective periods. The selected unaudited pro forma combined results are based on the historical information for TriMas and Highland and pro forma combined results of operations for HammerBlow assuming that the

F-13

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

acquisition of Tekonsha and SurePull occurred at the beginning of the respective periods. The pro forma financial information is not necessarily indicative of the combined results of operations that would have been attained had the acquisitions taken place at the beginning of 2003 and 2002, nor are they indicative of future results. The expense associated with the step-up in basis of inventory has been excluded as it is not a recurring expense.

(in thousands)	For the Year Ended December 31,			
	2003		2002	
	As Reported	Pro Forma (unaudited)	As Reported	Pro Forma (unaudited)
Net sales	\$ 905,400	\$ 921,820	\$ 750,250	\$ 908,970
Operating profit	28,740	33,530	67,810	84,970
Income (loss) before cumulative effect of accounting change	(30,930)	(28,690)	1,870	4,800
Net loss	\$ (30,930)	\$ (28,690)	\$ (34,760)	\$ (31,830)
Loss per share:				
Basic, as reported	\$ (1.54)	\$ (1.43)		
Diluted, as reported	\$ (1.54)	\$ (1.43)		
Weighted average common shares	20,047,090			

In addition, the Company completed two minor asset acquisitions, one each in the Cequent Transportation Accessories and Industrial Specialties segments. The impact of the acquisitions to the Company's reported results is not material.

**6. Goodwill and Other Intangible Assets**

The Company tests goodwill and indefinite-lived intangible assets for impairment on an annual basis using a measurement date of December 31, unless a change in business conditions occurs which requires a more frequent evaluation. In assessing the recoverability of goodwill and indefinite-lived intangible assets, the Company estimates the fair value of each reporting unit and compares it to the net asset carrying values. Similarly, the Company also reviews definite-lived intangible assets on an annual basis, or more frequently if events or changes in circumstances indicate that their carrying values may not be recoverable.

During the fourth quarter of 2003, the Company recorded a non-cash, after tax goodwill impairment charge of \$7.6 million related to the Company's precision cutting tools business within the Industrial Specialties group. This business continues to experience a lack of growth in end markets for its products. Sales, earnings and cash flow forecasts included in the Company's five year plan were revised resulting in the goodwill impairment loss. The charge is included in determining operating profit in the accompanying statement of operations.

In the second quarter of 2002, the Company recorded a non-cash, after tax goodwill impairment charge of \$36.6 million related to the Company's industrial fasteners business. The charge was recorded in connection with the Company's completion of its transitional impairment test in the adoption of SFAS No. 142. Sales, operating profits and cash flows for that business were lower than expected due to the overall economic downturn and cyclical declines in certain markets for the Company's products. Based on that trend, the earnings and cash flow forecasts for the next five years were revised resulting in the goodwill impairment loss. Consistent with the requirements of SFAS No. 142, the Company recognized this impairment charge as of January 1, 2002 as the cumulative effect of change in accounting principle.

F-14

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

Changes in the carrying amount of goodwill for the year ended December 31, 2003 are as follows:

(in thousands)	Cequent Transportation Accessories	Rieke Packaging Systems	Fastening Systems	Industrial Specialties	Total
Balance, December 31, 2001	\$ 228,870	\$ 158,370	\$ 89,720	\$ 72,120	\$ 549,080
Goodwill from acquisition	—	—	—	1,220	1,220
Reversal of restructuring reserve and other adjustments	(2,840)	590	140	200	(1,910)
Impairment loss	—	—	(36,630)	—	(36,630)
Foreign currency translation and other	1,040	6,340	—	(90)	7,290
Balance, December 31, 2002	\$ 227,070	\$ 165,300	\$ 53,230	\$ 73,450	\$ 519,050
Goodwill from acquisitions	130,070	—	—	750	130,820
Reversal of restructuring reserve established in purchase accounting, net of tax	(370)	—	(100)	—	(470)
Impairment loss	—	—	—	(7,600)	(7,600)
Foreign currency translation and other	8,040	8,030	230	800	17,100
Balance, December 31, 2003	<u>\$ 364,810</u>	<u>\$ 173,330</u>	<u>\$ 53,360</u>	<u>\$ 67,400</u>	<u>\$ 658,900</u>

The following table summarizes the effect on net loss and loss per share of excluding amortization expense related to goodwill that is no longer being amortized per the requirements of SFAS No. 142:

(in thousands, except per share amounts)	2003	2002	2001
Net loss, as reported	\$ (30,930)	\$ (34,760)	\$ (11,170)
Add back: goodwill amortization	—	—	13,630
Net income (loss), as adjusted	\$ (30,930)	\$ (34,760)	\$ 2,460
Loss per share, as reported	\$ (1.54)	NA	NA
Loss per share, as adjusted	\$ (1.54)	NA	NA

The gross carrying amounts and accumulated amortization for the Company's other intangibles as of December 31, 2003 and 2002 are summarized below. The Company amortizes these assets over periods ranging from 5 to 40 years.

Intangible Category by Useful Life (in thousands)	As of December 31, 2003		As of December 31, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships:				
6 – 12 years	\$ 26,500	\$ (8,090)	\$ 26,500	\$ (5,460)
15 – 25 years	102,200	(11,140)	58,210	(5,060)
40 years	105,460	(8,600)	111,580	(5,790)
Total customer relationships	234,160	(27,830)	196,290	(16,310)
Trademark/Trade names	68,400	(4,200)	54,390	(2,830)
Technology and other:				
5 – 15 years	27,740	(8,700)	22,550	(5,670)
18 – 30 years	38,530	(5,350)	38,190	(3,510)
Total technology and other	66,270	(14,050)	60,740	(9,180)
	\$ 368,830	\$ (46,080)	\$ 311,420	\$ (28,320)

F-15

#### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued)

Amortization expense related to technology and other intangibles was approximately \$4.9 million, \$4.4 million and \$4.7 million for the years ended December 31, 2003, 2002 and 2001, respectively, and is included in cost of sales in the accompanying statement of operations. Amortization expense related to customer intangibles and trademarks and trade names was approximately \$23.3 million, \$9.9 million and \$9.5 million for the years ended December 31, 2003, 2002 and 2001, respectively, and is included in selling, general and administrative expense in the accompanying statement of operations. Included in these amounts are non-cash charges of \$11.0 million and \$0.4 million for the years ended December 31, 2003 and 2002, respectively, to write-off customer relationship intangibles, as the Company no longer maintains a sales relationship with several customers as a result of business or other financial considerations.

Estimated amortization expense for the next five fiscal years beginning after December 31, 2003 is as follows: 2004 - \$15.8 million; 2005 - \$15.7 million; 2006 - \$14.2 million; 2007 - \$13.6 million, and; 2008 - \$13.6 million.

#### 7. Restructurings

During 2003, the Company adopted restructuring plans and established purchase accounting reserves at certain of its business units as summarized below:

(in thousands)	Severance	Curtailment of Benefit Plan	Closure Costs and Other	Total
Reserve at December 31, 2002	\$ —	\$ —	\$ —	\$ —
Establishment of reserves	7,390	880	1,380	9,650
Cash payments	(2,250)	—	—	(2,250)
Non-cash charges	—	—	—	—
Reserve at December 31, 2003	\$ 5,140	\$ 880	\$ 1,380	\$ 7,400

Of the \$9.7 million reserves established during 2003, \$2.2 million is included in cost of sales and \$1.6 million is included in selling, general and administrative expense in the accompanying statement of operations. The remaining \$5.9 million was established in purchase accounting in connection with the HammerBlow and Highland acquisitions.

During the second quarter of 2003, in conjunction with the acquisition of Fittings, the Company adopted a plan to close one additional manufacturing facility within its Fastening Systems segment and consolidate those operations into Fastening Systems' remaining three manufacturing facilities. This action will result in the elimination of approximately 100 positions, of which approximately 50 have been eliminated as of December 31, 2003. The plan is expected to be completed in 2004. Also during the second quarter of 2003, the Company's Industrial Specialties segment adopted a plan to centralize certain gasket applications and distribution activities within a single facility. In addition, the segment will rationalize the back office general and administrative support within certain of its branch service centers. These actions resulted in the elimination of approximately 70 positions during 2003. The plan is expected to be completed in 2004.

In connection with the acquisitions of HammerBlow and Highland, the Company established a preliminary reserve of approximately \$5.9 million. The Company will finalize its restructuring plan related to the HammerBlow and Highland entities in the first quarter of 2004.

In addition to the new restructuring plans in 2003, the Company continues implementation activities of its restructuring plan adopted in connection with the acquisition of Metaldyne by Heartland in November 2000. In connection with this November 2000 restructuring plan, approximately 580 jobs have been eliminated as a result of these restructuring actions, with the remaining severance amounts to be paid during 2004. The Company also closed, consolidated and rationalized certain operational and back office facilities as a part of this restructuring plan. The

F-16



**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

Company expects the closure costs related to these facilities to run out through 2005. The following table summarizes reserves established in purchase accounting in connection with the November 2000 plan and the subsequent related activity:

(in thousands)	Severance	Closure Costs	Total
Reserve at November 28, 2000	\$ 19,770	\$ 3,690	\$ 23,460
Cash	—	—	—
Non-cash	—	—	—
Reserve at December 31, 2000	19,770	3,690	23,460
Cash	(6,400)	(80)	(6,480)
Non-cash	—	—	—
Reserve at December 31, 2001	13,370	3,610	16,980
Cash	(6,230)	(1,020)	(7,250)
Non-cash	—	(110)	(110)
Reversal of restructuring reserves	(2,550)	—	(2,550)
Reserve at December 31, 2002	4,590	2,480	7,070
Cash	(3,180)	(840)	(4,020)
Non-cash	—	—	—
Reversal of restructuring reserves	—	(690)	(690)
Reserve at December 31, 2003	<u>\$ 1,410</u>	<u>\$ 950</u>	<u>\$ 2,360</u>

**8. Accounts Receivable Securitization**

As part of the June 2002 financing transactions, TriMas established a receivables securitization facility and organized TSPC, Inc. ("TSPC"), a wholly-owned subsidiary, to sell trade accounts receivable of substantially all domestic business operations. Prior to June 2002, TriMas sold certain of its accounts receivable to MTSPC, Inc. ("MTSPC"), a wholly owned subsidiary of Metaldyne. In connection with the common stock issuance and related financing transactions that occurred on June 6, 2002, the Company repurchased an aggregate of \$113.6 million of TriMas receivables from MTSPC, including its retained subordinated interest of approximately \$39.1 million.

TSPC from time to time may sell an undivided fractional ownership interest in the pool of receivables up to approximately \$125 million to a third party multi-seller receivables funding company. The net proceeds of sales are less than the face amount of accounts receivable sold by an amount that approximates the purchaser's financing costs, which amounted to a total of \$1.4 million for the year ended December 31, 2003. At December 31, 2003 and 2002, no receivables were sold under this arrangement and the Company had \$49.0 million and \$46.6 million, respectively, available but not utilized as of the balance sheet date. The usage fee under the facility is 1.5%. In addition, the Company is required to pay a fee of 0.5% on the unused portion of the facility. This facility expires in June 2005.

The proceeds from the sale of TriMas' accounts receivable were \$14.6 million during the period January 1, 2002 to June 6, 2002 and \$61.6 million through December 31, 2001. The net proceeds of TriMas' attributed portion of receivables sold to MTSPC were less than the face amount of accounts receivable sold by approximately \$2.4 million during the period January 1, 2002 to June 6, 2002 and \$3.7 million in 2001. These differences approximate the purchaser's financing costs and are included in other expense in the accompanying statement of operations. The financing costs are determined by calculating the estimated present value of the receivables sold compared to their carrying amount. The estimated present value factor is based on historical collection experience and a discount rate representing a spread over LIBOR as prescribed under the terms of the securitization agreement. In 2003, the financing costs were based on an average liquidation period of the portfolio of approximately 1.5 months and average discount rate of 2.2%. During the period January 1, 2002 to

F-17

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 6, 2002, the financing costs were based on an average liquidation period of the portfolio of approximately 1.5 months and an average discount rate of 1.9%. In 2001, the financing costs were based on an average liquidation period of the portfolio of approximately 1.5 months and average discount rate of 5.3%.

At December 31, 2002 and 2001, Fittings had sold approximately \$2.3 million and \$2.0 million, respectively, of receivables to MTSPC, as they remained a part of the Metaldyne program.

**9. Inventories**

Inventories consist of the following components:

(in thousands)	December 31, 2003	December 31, 2002
Finished goods	\$ 68,060	\$ 51,170
Work in process	17,770	13,460
Raw materials	38,260	28,490
Total inventories	<u>\$ 124,090</u>	<u>\$ 93,120</u>

**10. Property and Equipment, Net**

Property and equipment consists of the following components:

(in thousands)	December 31, 2003	December 31, 2002
Land and land improvements	\$ 3,240	\$ 8,810
Buildings	52,840	46,100
Machinery and equipment	190,290	237,180
	<u>246,370</u>	<u>292,090</u>
Less: Accumulated depreciation	58,950	48,470
Property and equipment, net	<u>\$ 187,420</u>	<u>\$ 243,620</u>

Depreciation expense was approximately \$26.4 million in 2003, \$25.3 million in 2002 and \$26.9 million in 2001.

## 11. Accrued Liabilities

(in thousands)	December 31, 2003	December 31, 2002
Self-insurance	\$ 14,150	\$ 13,250
Vacation, holiday and bonus	14,580	10,320
Restructuring reserves, due within one year	3,600	7,070
Other	42,770	33,660
Total accrued liabilities	<u>\$ 75,100</u>	<u>\$ 64,300</u>

## 12. Long-term Debt

The Company's long-term debt at December 31, net of the unamortized discount of \$2.5 million and unamortized premium of \$0.8 million from the face value of the Company's 9 7/8% senior subordinated notes at December 31, 2003, is as follows:

F-18

### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued)

(in thousands)	December 31, 2003	December 31, 2002
Bank debt	\$ 291,780	\$ 259,375
9 7/8% senior subordinated notes, due June 2012	436,070	435,975
Other	8,130	830
	<u>735,980</u>	<u>696,180</u>
Less: Current maturities, long-term debt	10,920	2,990
Long-term debt	<u>\$ 725,060</u>	<u>\$ 693,190</u>

On June 6, 2002, in connection with the issuance of common stock and related financing transactions, the Company entered into two long-term financing arrangements. In the first arrangement, the Company issued \$352.8 million face value of 9 7/8% senior subordinated notes due 2012 ("Notes") in a private placement under Rule 144A of the Securities Act of 1933, as amended. Additionally, on December 10, 2002, the Company issued an additional \$85.0 million face value 9 7/8% senior subordinated notes due 2012 pursuant to the June 6, 2002 indenture. These notes were issued at a premium of approximately \$0.9 million. These notes were issued to obtain cash to repurchase approximately \$20.0 million of TriMas common stock owned by Metaldyne, to fund potential acquisitions, for debt repayment and for other general corporate purposes.

In the second long-term financing arrangement, the Company entered into a credit facility ("Credit Facility") with a group of banks consisting of a \$260 million senior term loan which matures December 31, 2009. The Company subsequently amended and restated the Credit Facility on June 6, 2003, and further amended it on December 17, 2003, principally to increase the term loan facility from \$260 million to \$335 million and to modify certain financial covenants. The term loan is payable in quarterly installments of approximately \$0.7 million. In addition to the term loan, the Credit Facility includes a senior revolving credit facility with a total principal commitment of \$150 million, including up to \$100 million for one or more permitted acquisitions, which matures December 31, 2007. The Credit Facility allows the Company to issue letters of credit, not to exceed \$40 million in aggregate, against revolving credit facility commitments. At December 31, 2003 and 2002, the Company had letters of credit of approximately \$26.0 million and \$23.5 million, respectively, issued and outstanding. The Company pays a commitment fee, ranging from 0.50% – 0.75%, with respect to unused principal commitments, net of letters of credit issued, under the Credit Facility. The obligations under the Credit Facility are collateralized by substantially all of the Company's assets and unconditionally and irrevocably guaranteed jointly and severally by TriMas Corporation, the parent company, and each of the borrowers existing and subsequently acquired or organized domestic subsidiaries, other than TSPC, pursuant to the terms of a separate guarantee agreement. Although no foreign subsidiaries are currently borrowers under the Credit Facility, such entities may borrow under the facility in the future.

Borrowings under the Credit Facility bear interest at the Company's option at either a base rate used by JPMorgan Chase Bank, plus an applicable margin, or a Eurodollar rate on deposits for one, two, three or six month periods (or nine or twelve month periods if, at the time of the borrowing, all lenders agree to make such a duration available), plus an applicable margin. The applicable margin on borrowings is subject to change, depending on the Company's Leverage Ratio, as defined, and is 2.25% on base rate loans and 3.25% on Eurodollar loans at December 31, 2003. The effective interest rate on credit facility borrowings was 4.65% and 4.44% at December 31, 2003 and 2002, respectively.

The bank debt is an obligation of subsidiaries of the Company. Although the credit agreement does not restrict the Company's subsidiaries from making distributions to it in respect of the exchange notes, it does contain certain other limitations on the distribution of funds from TriMas Company LLC, the principal subsidiary, to the Company. The restricted net assets of the guarantor subsidiaries, approximately \$806.9 million and \$811.5 million at December 31, 2003 and 2002, respectively, are presented in the consolidating financial information in Note 21. The Credit Facility contains negative and affirmative covenants and other requirements affecting the Company and its subsidiaries,

F-19

### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued)

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 greater than \$75 million if sold at fair market value, hedging agreements, dividends and other restricted junior payments, stock repurchases, transactions with affiliates, restrictive agreements and amendments to charters, by-laws, and other material documents. The Credit Facility also requires the Company and its subsidiaries to meet certain restrictive financial covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense ratio (consolidated EBITDA, as

defined, over cash interest expense) and a capital expenditures covenant. The Company was in compliance with its covenants at December 31, 2003.

The Notes are general unsecured obligations of the Company and are subordinated in right of payment to all existing and future senior debt of TriMas, including amounts outstanding under the Credit Facility. The Notes are pari passu in right of payment with all existing and future unsecured senior subordinated indebtedness of TriMas and are unconditionally guaranteed by all of the Company's domestic subsidiaries that are direct borrowers under the Credit Facility. Interest on the Notes accrues at the rate of 9 7/8% per annum and is payable semi-annually in arrears on June 15 and December 15, commencing December 15, 2002.

At any time prior to June 15, 2005, TriMas may redeem up to 35% of the aggregate principal amount of Notes issued at a redemption price of 109.875% of the principal amount, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more equity offerings; provided that: (1) at least 65% of the aggregate principal amount of Notes issued under the indenture remains outstanding immediately after the occurrence of such redemption and (2) the redemption occurs within 120 days of the date of the closing of such equity offering. Except as outlined herein, the Notes are not redeemable at the Company's option prior to June 15, 2007.

After June 15, 2007, TriMas may redeem all or a part of the Notes at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest on the Notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on June 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2007	104.938%
2008	103.292%
2009	101.646%
2010 and thereafter	100.000%

The Notes indenture contains negative and affirmative covenants and other requirements and at December 31, 2003, the Company was in compliance with all such covenant requirements.

The Company capitalized debt issuance costs paid of \$17.1 million and \$19.4 million associated with the Credit Facility and the Notes, respectively. These amounts consist primarily of legal, accounting and transaction advisory fees, and facility fees paid to the lenders. Debt issuance costs and discount on the Notes are amortized using the interest method over the term of the Credit Facility and Notes, respectively. Unamortized debt issuance costs of \$14.0 million and \$12.1 million related to the Credit Facility and \$16.6 million and \$17.7 million related to the Notes are included in other assets in the accompanying balance sheet at December 31, 2003 and 2002, respectively.

Cash paid for interest was approximately \$61.7 million in 2003. From June 6, 2002 to December 31, 2002, the Company paid cash for interest of approximately \$22.9 million. Prior to June 6, 2002 and in 2001, interest expense allocated to TriMas was paid by Metaldyne.

F-20

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

Future maturities of the face value of long-term debt at December 31, 2003 are as follows:

<u>Year ending December 31:</u>	<u>(in thousands)</u>
2004	\$ 10,920
2005	2,990
2006	2,890
2007	2,890
2008	2,890
Thereafter	715,110
Total	<u>\$ 737,690</u>

**13. Leases**

TriMas leases certain equipment and plant facilities under non-cancelable operating leases. Rental expense for TriMas totaled approximately \$16.2 million in 2003, \$8.4 million in 2002 and \$4.6 million in 2001.

During 2003, the Company entered into sale-leaseback arrangements with third-party lenders for certain of its machinery and equipment and facilities. These leases are accounted for as operating leases. The Company has an eight year lease term with respect to machinery and equipment which requires annual lease payments of approximately \$8.4 million. The Company has a fifteen year lease term with respect to a leaseback of three facilities which require annual lease payments of approximately \$1.7 million. The proceeds from these transactions were applied against outstanding balances under the Company's revolving credit facility. In connection with these sale-leaseback transactions, the Company recognized losses in the first and second quarters of 2003 of approximately \$18.1 million and a deferred gain of approximately \$4.6 million in the third quarter of 2003. The loss on disposition of property and equipment is separately identified in the accompanying statement of operations for all periods presented while the deferred gain is included in other long-term liabilities in the accompanying balance sheet and is being amortized to income over the life of the respective lease.

Minimum payments for operating leases having initial or remaining non-cancelable lease terms in excess of one year at December 31, 2003 are summarized below:

<u>Year ended December 31:</u>	<u>(in thousands)</u>
2004	\$ 24,120
2005	22,180
2006	20,690
2007	19,160
2008	17,990
Thereafter	102,580
Total	<u>\$ 206,720</u>

In the first quarter 2002, as part of financing arranged by Metaldyne and Heartland, the Company entered into sale-leaseback arrangements with a third-party lender for certain facilities utilized by the Company. The 20 year lease term continues until 2022 and requires annual lease payments of approximately \$2.7 million per year. The proceeds from these transactions were applied against the Metaldyne Corporation net investment and

advance balance. Because Metaldyne provided the third-party lender with a guarantee of the Company's lease obligations, these lease arrangements were accounted for as capitalized leases and lease obligations approximating \$19 million at March 31, 2002 were recorded in long-term debt.

As a result of the recapitalization and related financing transactions completed during the second quarter of 2002, Metaldyne no longer guarantees the Company's lease obligations with the third party

F-21

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

lender. Subsequent to June 6, 2002, the Company accounts for these lease transactions as operating leases. During the quarter ended June 30, 2002, the Company eliminated the capitalized lease obligation and related capitalized lease assets.

**14. Commitments and Contingencies**

A civil suit was filed in the United States District Court for the Central District of California in April 1983 by the United States of America and the State of California under the federal superfund law against over 30 defendants, including the Company, for alleged release into the environment of hazardous substances disposed of at the Stringfellow Disposal Site in California. The plaintiffs have requested, among other things, that the defendants clean up the contamination at that site. A consent decree has been entered into by the plaintiffs and the defendants, including us, providing that the consenting parties perform partial remediation at the site. The State of California has agreed to take over clean-up of the site, as well as responsibility for governmental entities' past response costs.

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

As of March 16, 2004, the Company is party to approximately 829 pending cases involving approximately 34,423 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of our subsidiaries for use in the petrochemical refining and exploration industries. The Company believes that many of the pending cases relate to locations at which none of our gaskets were distributed or used. In addition, TriMas acquired various companies to distribute the Company's products that distributed gaskets of other manufacturers prior to acquisition. Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 12 years ago, have been approximately \$2.0 million. Based upon the Company's experience to date and other available information (including the availability of excess insurance), the Company does not believe that these cases will have a material adverse effect on its financial condition or future results of operations. However, we may be subjected to significant additional claims in the future, the cost of settling cases in which product identification can be made may increase and we may be subjected to further claims with respect to the former activities of our acquired gasket distributors.

The Company has provided reserves based upon its present knowledge and, subject to future legal and factual developments, does not believe that the ultimate outcome of any of the aforementioned litigations will have a material adverse effect on its consolidated financial position and future results of operations and cash flows. However, there can be no assurance that future legal and factual developments will not result in a material adverse impact on our financial condition and future results of operations.

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

**15. Related Parties**

*Metaldyne Corporation*

Prior to June 6, 2002, the Company was wholly-owned by Metaldyne and participated in joint activities including employee benefits programs, legal, treasury, information technology and other general corporate activities.

F-22

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

In connection with the common stock issuance and related financing transactions, TriMas assumed approximately \$37.0 million of liabilities and obligations of Metaldyne, mainly comprised of contractual obligations to former TriMas employees, tax related matters, benefit plan liabilities and reimbursements to Metaldyne for normal course payments to be made on TriMas' behalf. Payments made with respect to these obligations approximated \$6.4 million and \$15.1 million in 2003 and 2002, respectively. During 2003, the Company also settled a net amount of approximately \$4.1 million of the assumed contractual obligations. The remaining assumed liabilities of approximately \$11.4 million are payable at various dates in the future and are reported as Due to Metaldyne in the accompanying balance sheet at December 31, 2003.

Subject to certain limited exceptions, Metaldyne, on the one hand, and we, on the other hand, retained the liabilities associated with our respective businesses. Accordingly, we will indemnify and hold harmless Metaldyne from all liabilities associated with us and our subsidiaries and our respective operations and assets, whenever conducted, and Metaldyne will indemnify and hold Heartland and us harmless from all liabilities associated with Metaldyne and its subsidiaries (excluding us and our subsidiaries) and their respective operations and assets, whenever conducted. In addition, we agreed with Metaldyne to indemnify one another for our allocated share (42.01%) of liabilities not readily associated with either business, or otherwise addressed including certain costs related to the November 2000 acquisition. There are also indemnification provisions relating to certain other matters intended to effectuate other provisions of the agreement. These indemnification provisions survive indefinitely and are subject to a \$50,000 deductible.

Effective June 6, 2002, the Company entered into a corporate services agreement with Metaldyne. Under the terms of the agreement, TriMas paid Metaldyne an annual services fee of \$2.5 million in exchange for human resources, information technology, treasury, audit, internal audit, tax, legal and other general corporate services.

To the extent TriMas directly incurred costs related to items covered by the agreement, the \$2.5 million fee was reduced accordingly. Effective January 1, 2003, the corporate services agreement was extended through December 31, 2003, but was amended so that the \$2.5 million fee was no longer reduced for TriMas' third-party charges. Effective January 1, 2004, the Company entered into an agreement with Metaldyne whereby TriMas will reimburse Metaldyne approximately \$0.4 million primarily for certain software licenses maintained by Metaldyne under an existing agreement which expires June 30, 2004.

Net investment and advances reflected the accumulation of transactions between TriMas and Metaldyne through June 6, 2002 and between Fittings and Metaldyne through May 9, 2003. These transactions included operating results, management fees and advances, as discussed below:

- TriMas was charged a management fee by Metaldyne for various corporate support staff and administrative services. Such fees approximated one percent of net sales and amounted to \$3.5 million in 2002 and \$7.5 million in 2001.
- Certain of TriMas' employee benefit plans and insurance coverages are administered by Metaldyne. These costs as well as other costs incurred on TriMas' behalf were charged directly to TriMas.
- TriMas was also charged interest expense at various rates on the debt attributed to TriMas from Metaldyne and on the outstanding advance balance from Metaldyne. These charges, including those related to the Fittings business, aggregated \$30.3 million in 2002 and \$73.8 million in 2001.

The related advances were included in Metaldyne Corporation net investment and advances in the accompanying balance sheets. As a result of the Company's common stock issuance and related transactions completed during the second quarter of 2002, Metaldyne's net investment and advances balance at June 6, 2002, net of the cash dividend paid and certain subsequent adjustments to reflect finalization of estimated amounts, was reclassified to paid-in capital in the statement of shareholders' equity. The amount remaining at December 31, 2002 relates to Fittings.

F-23

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

In April 2003, TriMas repurchased one million shares of its common stock from Metaldyne at \$20 per share, the same price as it was valued on June 6, 2002.

In May 2003, in connection with the Fittings acquisition, the Company agreed to sublease from Metaldyne the Fittings facility in Livonia, MI. The sublease extends through 2022 and the annualized lease expense was approximately \$0.2 million in 2003.

*Heartland Industrial Partners*

In connection with the common stock issuance and related financing transactions in 2002, TriMas paid Heartland transaction advisory fees of \$9.8 million. Of this amount, approximately \$3.9 million related to equity transaction costs and were netted against proceeds of the common stock issuance recorded in paid-in capital in the accompanying balance sheet. Approximately \$5.9 million related to costs incurred in connection with the original Notes issuance and obtaining the Credit Facility. These amounts were capitalized as debt issuance costs related to these financing transactions and included in other assets in the accompanying balance sheet. The Company also entered into an advisory services agreement with Heartland at an annual fee of \$4.0 million plus expenses. During 2003 and 2002, Heartland was paid \$4.6 million and \$2.8 million, respectively, under this agreement and such amounts are included in selling, general and administrative expense in the accompanying statement of operations.

In December 2002, TriMas paid Heartland approximately \$0.9 million in connection with the issuance of the additional \$85 million of Notes. Such fees have been capitalized as a component of other assets in the accompanying balance sheet and are being amortized over the life of the Notes.

*Related Party Sales*

During 2003 and 2002, the Company sold fastener products to Metaldyne in the amount of approximately \$0.4 million and \$0.5 million, respectively, and to an affiliate of a shareholder in the amount of approximately \$4.5 million and \$4.7 million, respectively. These amounts are included in net sales in the accompanying statement of operations.

**16. Employee Benefit Plans**

*Pension and Profit-Sharing Benefits.*

On January 1, 2003, TriMas implemented a new defined contribution profit sharing plan for the benefit of substantially all TriMas' domestic salaried and non-union hourly employees. The plan contains both noncontributory profit sharing arrangements and contributory plans, as defined. Aggregate charges included in the accompanying statement of operations under this plan were \$3.2 million in 2003.

Effective through December 31, 2002, substantially all TriMas salaried employees participated in Metaldyne-sponsored noncontributory profit-sharing and/or contributory defined contribution plans, to which payments were approved annually by Metaldyne's Board of Directors. Aggregate charges included in the accompanying statement of operations under these plans were approximately \$2.6 million in 2002 and \$2.6 million in 2001. In addition, TriMas salary and non-union hourly employees participated in defined benefit pension plans sponsored by Metaldyne. The expense for these plans was approximately \$1.8 million in 2002 and \$2.5 million in 2001.

On June 6, 2002, the Metaldyne defined benefit pension plans were curtailed with respect to TriMas employees. Service and salary continued to accrue for the TriMas employees for benefit purposes until December 31, 2002. The liability for these plans remained the obligation of Metaldyne.

TriMas' foreign and union-hourly employees participate in defined benefit pension plans. Certain Metaldyne employees also participated in the TriMas union-hourly plans. In connection with TriMas' recapitalization, the Metaldyne employees and the related plan assets were transferred out of the

F-24

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**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

plans, with the plans continuing with TriMas employees only. The plan assets were allocated between Metaldyne and TriMas employees, and a greater portion of the plan assets were attributed to Metaldyne employees based on

statutory asset allocation rules.

In connection with the June 6, 2002 transactions, the Company also assumed a liability of approximately \$0.5 million related to a defined benefit restoration plan for certain TriMas employees. As a part of the restructuring activities during 2002, this plan was curtailed, yielding a curtailment gain of approximately \$0.2 million.

Net periodic pension cost for TriMas' defined benefit pension plans, covering foreign employees, union-hourly employees and certain salaried employees includes the following components:

	(in thousands)		
	2003	2002	2001
Service cost	\$ 730	\$ 680	\$ 570
Interest cost	1,570	1,120	1,000
Expected return on assets	(1,590)	(1,430)	(1,350)
Amortization of prior-service cost	20	30	—
Curtailement (gain) loss	890	(240)	—
Amortization of net loss	70	—	—
Net periodic pension cost	<u>\$ 1,690</u>	<u>\$ 160</u>	<u>\$ 220</u>

The Company uses September 30 as its plan measurement date and major actuarial assumptions used in accounting for the U.S. defined benefit pension plans at December 31 are as follows:

	2003	2002	2001
Discount rate for obligations	6.25%	6.75%	7.60%
Rate of increase in compensation levels	N/A	N/A	4.00%
Expected long-term rate of return on plan assets	9.00%	9.00%	9.00%

The Company uses September 30 as its plan measurement date and major actuarial assumptions used in accounting for the non-U.S. defined benefit pension plans at December 31 are as follows:

	2003	2002	2001
Discount rate for obligations	6.20%	6.90%	7.00%
Rate of increase in compensation levels	3.65%	4.50%	4.40%
Expected long-term rate of return on plan assets	8.80%	9.00%	9.10%

The following provides a reconciliation of the changes in TriMas' defined benefit pension plans' projected benefit obligations and fair value of assets covering foreign employees and union-hourly employees for each of the years ended December 31, 2003 and 2002 and the funded status as of December 31, 2003 and 2002:

F-25

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

	(in thousands)	
	2003	2002
<b>Changes in Projected Benefit Obligations</b>		
Benefit obligations at January 1	\$ (17,640)	\$ (14,060)
Service cost	(730)	(680)
Interest cost	(1,570)	(1,120)
Participant contributions	(90)	(70)
Actuarial loss	(2,590)	(1,820)
Benefit payments	1,480	610
Addition of HammerBlow defined benefit pension plan	(5,040)	—
Assumption of benefit restoration plan liability	—	(460)
Curtailement gain (loss)	(570)	240
Change in foreign currency	(1,170)	(620)
Plan amendments	(40)	—
Projected benefit obligations at December 31	<u>\$ (27,960)</u>	<u>\$ (17,980)</u>
Accumulated benefit obligations at December 31	<u>\$ (25,780)</u>	<u>\$ (15,380)</u>

	(in thousands)	
	2003	2002
<b>Changes in Plan Assets</b>		
Fair value of plan assets at January 1	\$ 12,750	\$ 14,420
Actual return on plan assets	1,420	(540)
Employer and participant contributions	2,440	480
Benefit payments	(1,480)	(610)
Addition of HammerBlow defined benefit pension plan	2,300	—
Asset transfer adjustment	—	(1,280)
Changes in foreign currency	1,390	470
Fair value of plan assets at December 31	<u>\$ 18,820</u>	<u>\$ 12,940</u>

<b>Funded Status</b>		
Plan assets less than projected benefits at December 31	\$ (9,140)	\$ (5,030)
Unamortized prior-service cost	8,380	370
Unamortized net loss	70	5,330
Net asset (liability) recognized at December 31	<u>\$ (690)</u>	<u>\$ 670</u>

	(in thousands)	
	2003	2002
<b>Components of the Net Asset Recognized</b>		

Prepaid benefit cost	\$	4,140	\$	3,030
Accrued benefit liability		(10,110)		(4,820)
Intangible asset		70		370
Accumulated other comprehensive loss		5,210		2,090
Net asset recognized at December 31	\$	<u>(690)</u>	\$	<u>670</u>

F-26

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Plans with Benefit Obligation Exceeding Plan Assets**

	(in thousands)	
	2003	2002
Benefit obligation	\$ 22,870	\$ 16,190
Plan assets	10,970	9,130
Benefit obligation in excess of plan assets	<u>\$ 11,900</u>	<u>\$ 7,060</u>

The Company expects to make contributions of approximately \$2.4 million to fund its benefit obligations during 2004.

**Plan Assets**

The weighted average asset allocation of the Company's pension plan assets at September 30, 2003 and 2002 were as follows:

	2003		2002	
	63%	36%	60%	35%
Equity securities	63%	36%	60%	35%
Debt securities	36%	0%	1%	1%
Real estate	0%	1%	4%	4%
Cash	1%	100%	100%	100%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Company's investment goal is to provide for capital growth with a moderate level of volatility by investing assets per the above target allocations. The Company invests the plan assets in a balanced portfolio fund of the Northern Trust Company which seeks to provide capital appreciation and current income by investing up to 75% of the plan assets in equity securities and at least 25% in fixed income securities. The portfolio invests primarily in common stocks of U.S. companies with market capitalizations generally in excess of \$1.0 billion. The expected long-term rate of return for the plan's total assets is based on the expected return of each of the above categories, weighted based on the target allocation for each class. The equity securities comprise the largest percentage of the asset allocation as they are projected to have the greatest rate of return on a long-term basis.

*Postretirement Benefits.* TriMas provides postretirement medical and life insurance benefits, none of which are funded, for certain of its active and retired employees. As a part of the recapitalization on June 6, 2002, the Company assumed a liability of approximately \$0.3 million related to a postretirement benefit plan specific to a TriMas location. In addition, the Company closed a plant in 2002 and terminated certain of the employees, thereby yielding a curtailment gain of approximately \$0.3 million.

Net periodic postretirement benefit cost includes the following components:

	(in thousands)		
	2003	2002	2001
Service cost	\$ 80	\$ 90	\$ 80
Interest cost	420	480	310
Net amortization	110	100	—
Net periodic postretirement benefit cost	<u>\$ 610</u>	<u>\$ 670</u>	<u>\$ 390</u>

F-27

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

The following provides a reconciliation of the changes in benefit obligations and status for each of the years ended December 31, 2003 and 2002:

	(in thousands)	
	2003	2002
<b>Changes in Benefit Obligations</b>		
Benefit obligations at January 1	\$ (7,720)	\$ (4,240)
Service cost	(80)	(90)
Interest cost	(420)	(480)
Assumption of additional postretirement liability	—	(260)
Actuarial gain (loss)	740	(3,450)
Curtailed gain	—	290
Participant contributions	(50)	—
Benefit payments	660	510
Benefit obligations at December 31	<u>\$ (6,870)</u>	<u>\$ (7,720)</u>
<b>Status</b>		
Benefit obligations at December 31	\$ (6,870)	\$ (7,720)
Unrecognized loss	2,410	3,250
Net liability at December 31	<u>\$ (4,460)</u>	<u>\$ (4,470)</u>

The discount rate used in determining the accumulated postretirement benefit obligation was 6.25% in 2003 and 6.75% in 2002. The measurement date used is September 30. The assumed health care cost trend rate in 2003 was 10.0%, decreasing to an ultimate rate in 2013 of 5%. If the assumed medical cost trend rates were increased by 1%, the accumulated postretirement benefit obligations would increase by \$0.6 million and the aggregate of the service and interest cost components of net periodic postretirement benefit obligations cost would increase by \$40,000. If the assumed medical cost trend rates were decreased by 1%, the accumulated postretirement benefit obligations would decrease by \$0.5 million and the aggregate of the service and interest cost components of net periodic postretirement benefit cost would decrease by \$40,000. The Company expects to receive employee contributions of approximately \$0.1 million and to make contributions of approximately \$0.5 million to fund its post-retirement benefit obligations in 2004.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act (the "Act") became law in the United States. This law provides for a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the benefit established by the law. In accordance with FASB Staff Position FAS 106-b, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," the Company has elected to defer recognition of the effects of the Act in any measures of the benefit obligation or cost until such time that the Company determines whether the benefits provided by the plan are actuarially equivalent (as defined in FASB Staff Position 106-b) to Medicare Part D under the Act.

#### 17. Stock Options and Awards

In September 2003, the Company's Board of Directors approved the TriMas Corporation 2002 Long Term Equity Incentive Plan (the "Plan"), which provides for the issuance of equity-based incentives in various forms. A total of 2,222,000 stock options have been approved for issuance under this Plan. As of December 31, 2003, the Company has 1,717,567 stock options outstanding, each of which may be used to purchase one share of the Company's common stock. The options have a ten-year life and an exercise price of \$20. Eighty percent of the options vest ratably over three years from the date of grant, while the remaining twenty percent vest after seven years from the date of

F-28

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### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued)

grant or on an accelerated basis over three years based upon achievement of specified performance targets, as defined in the Plan. The options become exercisable upon the later of: (1) the normal vesting schedule as described above, or (2) upon the occurrence of a qualified public equity offering as defined in the Plan, one half of the vested options become exercisable 180 days following such public equity offering, and the other one half of vested options become exercisable on the first anniversary following consummation of such public offering. The following is a summary of the stock options grants during 2003:

Outstanding as of January 1, 2003	—
Granted	1,825,911
Exercised	—
Cancelled	(108,344)
Outstanding as of December 31, 2003	<u>1,717,567</u>
Weighted-average useful life as of December 31, 2003	8.6 years
Options exercisable as of December 31, 2003	—

During 2001, certain TriMas employees were granted a total of 336,763 Metaldyne stock options under the Metaldyne Long Term Equity Incentive Plan. Of this amount, 81,640 options vested while the remaining 255,123 options were canceled in connection with the June 6, 2002 transactions. In connection with the June 6, 2002 stock purchase agreement, each vested Metaldyne option was to be converted into one option to purchase TriMas common stock. As of December 31, 2003, all 81,640 Metaldyne stock options issued to TriMas employees have been converted into TriMas stock options and are vested under the Plan.

The Company has elected to apply the provisions of APB No. 25. Accordingly, no stock option compensation expense is included in the determination of net income in the accompanying statement of operations. The weighted average fair value on the measurement date for the options granted in 2003 was \$2.25. Had stock option compensation expense been determined pursuant to the methodology of SFAS No. 123, the Company would have recorded an after-tax compensation charge of approximately \$0.9 million in the year ended December 31, 2003.

The fair value of the options was estimated at the measurement date using the minimum value method, and assumed no dividends or volatility, a risk-free interest rate of 3.0% and an expected option life of 4 years.

Prior to the Metaldyne recapitalization, Metaldyne's Long Term Stock Incentive Plan provided for the issuance of stock-based incentives. Certain of TriMas' salaried employees are holders of restricted stock awards issued under that plan. Under the terms of the Metaldyne recapitalization agreement, those shares become free of restriction and vested in four equal installments as of the closing of the recapitalization and January of 2002, 2003 and 2004. Holders of restricted stock may elect to receive all of the installment in common shares of Metaldyne stock, 40% in cash and 60% in common shares of Metaldyne stock, or 100% in cash. The number of shares or cash to be received will increase by 6% per annum from the \$16.90 per share recapitalization consideration. TriMas is charged directly by Metaldyne for the interest accretion on the stock awards. TriMas' portion of compensation expense, including interest accretion, for the vesting of long-term stock awards was approximately \$4.8 million in 2003, \$4.3 million in 2002 and \$4.1 million in 2001.

#### 18. Segment Information

TriMas' reportable operating segments are business units that provide unique products and services. Each operating segment is independently managed, requires different technology and marketing strategies and has separate financial information evaluated regularly by the Company's chief operating decision maker in determining resource allocation and assessing performance. During the first quarter of 2003, the Company re-aligned its operating segments and appointed a president for its

F-29



Fastening Systems segment. Prior period segment information has been revised to conform to the current structure and presentation. TriMas has four operating segments involved in the manufacture and sale of products described below. Within these operating segments, there are no individual products or product families for which reported revenues accounted for more than 10% of the Company's consolidated revenues.

**Rieke Packaging Systems** — Closures and dispensing systems for steel and plastic industrial and consumer packaging applications.

**Cequent Transportation Accessories** — Vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch mounted accessories, roof racks, trailer couplers, winches, jacks, trailer brakes and lights, brake controls, cargo tie-downs, ramps and other vehicle and trailer accessories.

**Industrial Specialties** — Flame-retardant facings and jacketing and insulation tapes used in conjunction with fiberglass insulation, pressure-sensitive specialty tape products, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, metallic and nonmetallic industrial gaskets, specialty precision tools such as center drills, cutters, end mills, reamers, master gears, gages and punches, specialty engines and service parts and specialty ordnance components and weapon systems.

**Fastening Systems** — Large and small diameter standard and custom-designed ferrous, nonferrous and special alloy fasteners, specialized fittings and cold-headed parts used in automotive and industrial applications, and highly engineered specialty fasteners for the domestic and international aerospace industry.

The Company's management uses Adjusted EBITDA as its primary indicator of financial operating performance and as a measure of cash generating capability. Adjusted EBITDA is defined as net income (loss) before cumulative effect of accounting change and before interest, taxes, depreciation, amortization, impairment of goodwill, non-cash losses on sale-leaseback of property and equipment and legacy restricted stock award expense. Legacy stock award expense represents a contractual obligation resulting from the November 2000 acquisition of Metaldyne by Heartland which was fully paid in January 2004. For purposes of this Note, the Company defines operating net assets as total assets less current liabilities.

F-30

**TRIMAS CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

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

	As of December 31, 2003				Consolidated Total
	Parent	Guarantor	Non- Guarantor	Eliminations	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ —	\$ 4,180	\$ 2,600	\$ —	\$ 6,780
Receivables, trade	—	96,720	22,250	—	118,970
Receivables, intercompany	—	—	5,780	(5,780)	—
Inventories	—	104,230	19,860	—	124,090
Deferred income taxes	—	10,600	300	—	10,900
Prepaid expenses and other current assets	—	6,220	2,220	—	8,440
Total current assets	—	221,950	53,010	(5,780)	269,180
Investments in subsidiaries	806,880	183,180	—	(990,060)	—
Property and equipment, net	—	142,500	44,920	—	187,420
Goodwill	—	551,220	107,680	—	658,900
Intangibles and other assets	27,770	349,290	18,620	(11,150)	384,530
Total assets	<u>\$ 834,650</u>	<u>\$ 1,448,140</u>	<u>\$ 224,230</u>	<u>\$ (1,006,990)</u>	<u>\$ 1,500,030</u>
<b>Liabilities and Shareholders' Equity</b>					
Current liabilities:					
Current maturities, long-term debt	\$ —	\$ 10,920	\$ —	\$ —	\$ 10,920
Accounts payable, trade	—	77,100	17,030	(5,780)	94,130
Accounts payable, intercompany	—	5,780	—	—	—
Accrued liabilities	1,920	62,110	11,070	—	75,100
Due to Metaldyne	—	4,400	—	—	4,400
Total current liabilities	1,920	160,310	28,100	(5,780)	184,550
Long-term debt	436,070	288,990	—	—	725,060
Deferred income taxes	—	147,670	12,510	(11,150)	149,030
Other long-term liabilities	—	37,330	440	—	37,770
Due to Metaldyne.	—	6,960	—	—	6,960
Total liabilities	437,990	641,260	41,050	(16,930)	1,103,370
Total shareholders' equity	396,660	806,880	183,180	(990,060)	396,660
Total liabilities and shareholders' equity	<u>\$ 834,650</u>	<u>\$ 1,448,140</u>	<u>\$ 224,230</u>	<u>\$ (1,006,990)</u>	<u>\$ 1,500,030</u>

F-36

**TRIMAS CORPORATION  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

## As of December 31, 2002

	Parent	Guarantor	Non-Guarantor	Eliminations	Combined Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ —	\$ 86,570	\$ 13,870	\$ —	\$ 100,440
Receivables, trade	60	77,870	17,760	—	95,690
Receivables, intercompany	—	6,030	6,120	(12,150)	—
Inventories	—	81,430	11,690	—	93,120
Deferred income taxes	—	18,660	—	—	18,660
Prepaid expenses and other current assets	—	8,920	910	—	9,830
Total current assets	60	279,480	50,350	(12,150)	317,740
Investment in subsidiaries	811,530	128,830	—	(940,360)	—
Property and equipment, net	—	212,760	30,860	—	243,620
Goodwill	—	444,800	74,250	—	519,050
Intangibles and other assets	25,120	324,710	3,230	(7,410)	345,650
Total assets	\$ 836,710	\$ 1,390,580	\$ 158,690	\$ (959,920)	\$ 1,426,060

**Liabilities, Shareholders' Equity and  
Metaldyne Corporation Net Investment  
and Advances**

Current liabilities:					
Current maturities, long-term debt	\$ —	\$ 2,990	\$ —	\$ —	\$ 2,990
Accounts payable, trade	440	45,910	13,950	(2,900)	57,400
Accounts payable, intercompany	—	6,120	6,030	(12,150)	—
Accrued liabilities	1,950	58,130	4,220	—	64,300
Due to Metaldyne	—	9,960	—	—	9,960
Total current liabilities	2,390	123,110	24,200	(15,050)	134,650
Long-term debt	435,950	257,240	—	—	693,190
Deferred income taxes	—	151,450	5,360	—	156,810
Other long-term liabilities	—	35,290	300	(4,510)	31,080
Due to Metaldyne	—	11,960	—	—	11,960
Total liabilities	438,340	579,050	29,860	(19,560)	1,027,690
Total shareholders' equity and Metaldyne Corporation net investment and advances	398,370	811,530	128,830	(940,360)	398,370
Total liabilities, shareholders' equity and Metaldyne Corporation net investment and advances	\$ 836,710	\$ 1,390,580	\$ 158,690	\$ (959,920)	\$ 1,426,060

F-37

**TRIMAS CORPORATION  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

	For the Year Ended December 31, 2003				
	Parent	Guarantor	Non-Guarantor	Eliminations	Combined Total
Net sales	\$ —	\$ 760,260	\$ 162,990	\$ (17,850)	\$ 905,400
Cost of sales	—	(574,430)	(116,850)	17,850	(673,430)
Gross profit	—	185,830	46,140	—	231,970
Selling, general and administrative expenses	—	(152,510)	(23,010)	—	(175,520)
Loss on dispositions of property and equipment	—	(19,380)	(730)	—	(20,110)
Impairment of goodwill	—	(7,600)	—	—	(7,600)
Operating profit	—	6,340	22,400	—	28,740
Other income (expense), net:					
Interest expense	(46,080)	(18,670)	(30)	—	(64,780)
Other, net	—	1,810	(2,290)	—	(480)
Income (loss) before income tax (expense) benefit and equity in net income of subsidiaries	(46,080)	(10,520)	20,080	—	(36,520)
Income tax (expense) benefit	11,150	2,540	(8,100)	—	5,590
Equity in net income (loss) of subsidiaries	4,000	11,980	—	(15,980)	—
Income (loss) before cumulative effect of change in accounting principle	(30,930)	4,000	11,980	(15,980)	(30,930)
Cumulative effect of change in accounting principle	—	—	—	—	—
Net income (loss)	\$ (30,930)	\$ 4,000	\$ 11,980	\$ (15,980)	\$ (30,930)

F-38

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

	For the Year Ended December 31, 2002				
	Parent	Guarantor	Non-Guarantor	Eliminations	Combined Total
Net sales	\$ —	\$ 666,980	\$ 99,410	\$ (16,140)	\$ 750,250
Cost of sales	—	(502,760)	(69,040)	16,140	(555,660)
Gross profit	—	164,220	30,370	—	194,590
Selling, general and administrative expenses	(340)	(112,740)	(11,900)	—	(124,980)
Loss on dispositions of property and equipment	—	(1,770)	(30)	—	(1,800)
Operating profit	(340)	49,710	18,440	—	67,810
Other income (expense), net:					
Interest expense	(21,300)	(37,810)	(1,700)	—	(60,810)
Other, net	(2,110)	(2,590)	2,390	—	(2,310)
Income (loss) before income tax (expense) benefit and equity in net income of subsidiaries	(23,750)	9,310	19,130	—	4,690
Income tax (expense) benefit	7,410	(2,900)	(7,330)	—	(2,820)
Equity in net income (loss) of subsidiaries	(18,420)	11,800	—	6,620	—
Income (loss) before cumulative effect of change in accounting principle	(34,760)	18,210	11,800	6,620	1,870
Cumulative effect of change in recognition & measurement of goodwill impairment	—	(36,630)	—	—	(36,630)
Net income (loss)	<u>\$ (34,760)</u>	<u>\$ (18,420)</u>	<u>\$ 11,800</u>	<u>\$ 6,620</u>	<u>\$ (34,760)</u>

F-39

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

	For the Year Ended December 31, 2001				
	Parent	Guarantor	Non-Guarantor	Eliminations	Combined Total
Net sales	\$ —	\$ 674,640	\$ 91,730	\$ (17,970)	\$ 748,400
Cost of sales	—	(500,270)	(64,660)	17,970	(546,960)
Gross profit	—	174,370	27,070	—	201,440
Selling, general and administrative expenses	—	(118,240)	(14,500)	—	(132,740)
Loss on dispositions of property and equipment	—	(1,790)	390	—	(1,400)
Operating profit	—	54,340	12,960	—	67,300
Other income (expense), net:					
Interest expense	—	(72,180)	(1,680)	—	(73,860)
Other, net	—	(2,420)	(240)	—	(2,660)
Income (loss) before income tax (expense) benefit and equity in net income of subsidiaries	—	(20,260)	11,040	—	(9,220)
Income tax (expense) benefit	—	2,510	(4,460)	—	(1,950)
Equity in net income (loss) of subsidiaries	(11,170)	3,590	—	7,580	—
Income (loss) before cumulative effect of change in accounting principle	(11,170)	(14,160)	6,580	7,580	(11,170)
Cumulative effect of change in recognition & measurement of goodwill impairment	—	—	—	—	—
Net income (loss)	<u>\$ (11,170)</u>	<u>\$ (14,160)</u>	<u>\$ 6,580</u>	<u>\$ 7,580</u>	<u>\$ (11,170)</u>

F-40

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

For the Year Ended December 31, 2003				
Parent	Guarantor	Non-	Eliminations	Combined

			Guarantor		Total
<b>Cash Flows from Operating Activities:</b>					
Net cash provided by operating activities, net of acquisition impact	\$ (42,960)	\$ 54,850	\$ 29,470	\$ —	\$ 41,360
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	—	(24,910)	(6,780)	—	(31,690)
Proceeds from sales of fixed assets	—	76,180	—	—	76,180
Acquisition of businesses, net of cash acquired	—	(174,800)	(30,970)	—	(205,770)
Net cash used for investing activities	—	(123,530)	(37,750)	—	(161,280)
<b>Cash Flows from Financing Activities:</b>					
Net proceeds from issuance of common stock	35,200	—	—	—	35,200
Repurchase of common stock	(20,000)	—	—	—	(20,000)
Proceeds from senior credit facility	—	75,000	—	—	75,000
Repayments of borrowings on senior credit facility	—	(42,600)	—	—	(42,600)
Proceeds from borrowings on revolving credit facility	—	390,700	—	—	390,700
Repayments of borrowings on revolving credit facility	—	(390,700)	—	—	(390,700)
Debt issuance costs	(2,150)	—	—	—	(2,150)
Increase (decrease) in Metaldyne Corporation net investment and advances	—	(18,890)	—	—	(18,890)
Payments on notes payable	—	(600)	—	—	(600)
Issuance of note payable	—	300	—	—	300
Intercompany transfers (to) from subsidiaries	29,910	(26,920)	(2,990)	—	—
Net cash provided by (used for) financing activities	42,960	(13,710)	(2,990)	—	26,260
<b>Cash and Cash Equivalents:</b>					
Decrease for the year	—	(82,390)	(11,270)	—	(93,660)
At beginning of year	—	86,570	13,870	—	100,440
At end of year	<u>\$ —</u>	<u>\$ 4,180</u>	<u>\$ 2,600</u>	<u>\$ —</u>	<u>\$ 6,780</u>

F-41

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

	For the Year Ended December 31, 2002				
	Parent	Guarantor	Non-Guarantor	Eliminations	Combined Total
<b>Cash Flows from Operating Activities:</b>					
Net cash provided by (used for) operating activities, net of acquisition impact	\$ (20,270)	\$ (18,300)	\$ 16,570	\$ —	\$ (22,000)
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	—	(29,360)	(4,630)	—	(33,990)
Proceeds from sales of fixed assets	—	5,720	—	—	5,720
Investment in Hammerblow	—	(9,000)	—	—	(9,000)
Acquisition of businesses, net of cash acquired	—	(1,920)	—	—	(1,920)
Other, net	—	100	—	—	100
Net cash used for investing activities	—	(34,460)	(4,630)	—	(39,090)
<b>Cash Flows from Financing Activities:</b>					
Net proceeds from issuance of common stock	259,730	—	—	—	259,730
Increase in debt	435,850	260,000	—	—	695,850
Debt issuance costs	(18,760)	(13,160)	—	—	(31,920)
Payment of debt	—	(441,560)	—	—	(441,560)
Dividend to Metaldyne Corporation	(338,080)	—	—	—	(338,080)
Intercompany transfers (to) from subsidiary	(260,790)	260,790	—	—	—
Increase (decrease) in Metaldyne Corporation net investment and advances	(57,680)	71,320	90	—	13,730
Net cash provided by financing activities	20,270	137,390	90	—	157,750
<b>Cash and Cash Equivalents:</b>					
Increase for the year	—	84,630	12,030	—	96,660
At beginning of year	—	1,940	1,840	—	3,780
At end of year	<u>\$ —</u>	<u>\$ 86,570</u>	<u>\$ 13,870</u>	<u>\$ —</u>	<u>\$ 100,440</u>

F-42

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Supplemental Guarantor**  
**Condensed Financial Statements**

**Combining Statement of Cash Flows  
(in thousands)**

	For the Year Ended December 31, 2001				
	Parent	Guarantor	Non-Guarantor	Eliminations	Combined Total
<b>Cash Flows from Operating Activities:</b>					
Net cash provided by operating activities, net of acquisition impact	\$	\$ 65,730	\$ 12,980	\$ —	\$ 78,710
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	—	(16,390)	(2,700)	—	(19,090)
Proceeds from sales of fixed assets	—	6,000	780	—	6,780
Other, net	—	(710)	—	—	(710)
Net cash used for investing activities	—	(11,100)	(1,920)	—	(13,020)
<b>Cash Flows from Financing Activities:</b>					
Payments of debt	—	(20,410)	(11,750)	—	(32,160)
Decrease in Metaldyne Corporation net investment and advances	—	(33,740)	(3,070)	—	(36,810)
Net cash provided by (used for) financing activities	—	(54,150)	(14,820)	—	(68,970)
<b>Cash and Cash Equivalents:</b>					
Increase (decrease) for the year	—	480	(3,760)	—	(3,280)
At beginning of year	—	1,460	5,600	—	7,060
At end of year	\$	\$ 1,940	\$ 1,840	\$ —	\$ 3,780

F-43

**TRIMAS CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

Segment activity is as follows:

	(in thousands)		
	2003	2002	2001
<b>Sales</b>			
Rieke Packaging Systems	\$ 119,100	\$ 109,050	\$ 105,250
Cequent Transportation Accessories	427,410	282,400	264,680
Industrial Specialties	217,890	209,310	218,810
Fastening Systems	141,000	149,490	159,660
Total	<u>\$ 905,400</u>	<u>\$ 750,250</u>	<u>\$ 748,400</u>
<b>Adjusted EBITDA</b>			
Rieke Packaging Systems	\$ 37,250	\$ 36,880	\$ 34,440
Cequent Transportation Accessories	57,740	43,780	41,230
Industrial Specialties	31,560	32,080	31,080
Fastening Systems	7,330	10,410	25,160
Corporate expenses and management fees	(20,140)	(13,620)	(9,280)
Total	<u>\$ 113,740</u>	<u>\$ 109,530</u>	<u>\$ 122,630</u>
<b>Depreciation and Amortization</b>			
Rieke Packaging Systems	\$ 10,860	\$ 8,190	\$ 12,290
Cequent Transportation Accessories	19,300	12,640	17,950
Industrial Specialties	10,590	9,210	10,760
Fastening Systems	13,720	9,530	13,620
Corporate	380	150	110
Total	<u>\$ 54,850</u>	<u>\$ 39,720</u>	<u>\$ 54,730</u>
<b>Goodwill Impairment</b>			
Industrial Specialties	<u>\$ 7,600</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Operating Profit</b>			
Rieke Packaging Systems	\$ 25,300	\$ 26,680	\$ 21,360
Cequent Transportation Accessories	37,370	31,800	26,220
Industrial Specialties	7,460	23,050	20,210
Fastening Systems	(16,010)	3,120	10,210
Corporate expenses and management fees	(20,550)	(12,530)	(7,440)
Legacy stock award expense	(4,830)	(4,310)	(3,260)
Total	<u>\$ 28,740</u>	<u>\$ 67,810</u>	<u>\$ 67,300</u>

F-31

**TRIMAS CORPORATION  
NOTES TO FINANCIAL STATEMENTS (Continued)**

	(in thousands)		
	2003	2002	2001
<b>Operating Net Assets</b>			
Rieke Packaging Systems	\$ 270,650	\$ 337,160	\$ 311,870
Cequent Transportation Accessories	672,140	393,770	385,130
Industrial Specialties	171,210	203,000	188,940
Fastening Systems	193,490	225,200	265,410

Corporate		7,990	132,280	(4,470)
Total	\$	<u>1,315,480</u>	<u>1,291,410</u>	<u>1,146,880</u>
<b>Capital Expenditures</b>				
Rieke Packaging Systems	\$	11,280	\$ 10,720	\$ 3,730
Cequent Transportation Accessories		7,390	12,320	5,350
Industrial Specialties		5,580	4,180	3,520
Fastening Systems		7,200	6,320	6,490
Corporate		240	450	—
Total	\$	<u>31,690</u>	<u>33,990</u>	<u>19,090</u>

The Company's export sales approximated \$74.1 million, \$39.4 million and \$58.7 million in 2003, 2002, and 2001, respectively.

The following table presents the TriMas non-United States (US) revenues for each of the years ended December 31 and operating net assets at each year ended December 31, attributed to each subsidiary's continent of domicile. There was no single non-US country for which revenue and net assets were material to the combined revenues and net assets of TriMas taken as a whole.

	(in thousands)					
	2003		2002		2001	
	Sales	Operating Net Assets	Sales	Operating Net Assets	Sales	Operating Net Assets
Europe	\$ 47,110	\$ 90,930	\$ 39,070	\$ 83,000	\$ 37,020	\$ 63,000
Australia	39,230	27,680	29,050	26,000	22,120	23,000
Other North America	74,090	72,010	33,760	27,000	35,810	13,000
Total non-US	<u>\$ 160,430</u>	<u>\$ 190,620</u>	<u>\$ 101,880</u>	<u>\$ 136,000</u>	<u>\$ 94,950</u>	<u>\$ 99,000</u>

F-32

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**19. Income Taxes**

	(in thousands)		
	2003	2002	2001
Income (loss) before income tax expense:			
Domestic	\$ (59,250)	\$ (14,810)	\$ (17,320)
Foreign	22,730	19,500	8,100
	<u>\$ (36,520)</u>	<u>\$ 4,690</u>	<u>\$ (9,220)</u>
Income tax expense (benefit):			
Current expense (benefit):			
Federal	\$ 210	\$ 3,520	\$ (10,310)
State and local	1,320	620	500
Foreign	8,020	5,460	2,650
Deferred			
Federal	(15,220)	(8,650)	8,180
Foreign	80	1,870	930
	<u>\$ (5,590)</u>	<u>\$ 2,820</u>	<u>\$ 1,950</u>

The components of deferred taxes at December 31, 2003 and 2002 are as follows:

	(in thousands)	
	2003	2002
Deferred tax assets:		
Inventories	\$ 1,790	\$ 2,600
Accounts receivable	1,710	1,800
Accrued liabilities and other long-term liabilities	13,070	14,500
Net operating loss	23,000	11,380
Deferred tax liabilities:		
Property and equipment	(53,350)	(57,000)
Intangible assets	(120,360)	(106,470)
U.S. tax on undistributed foreign earnings	(3,100)	—
Other, principally prepaid expenses	(890)	(4,960)
Net deferred tax liability	<u>\$ (138,130)</u>	<u>\$ (138,150)</u>

As of December 31, 2003 and 2002, net deferred taxes are classified in the accompanying balance sheet as follows:

	2003			2002		
	Current	Long-term	Total	Current	Long-term	Total
Deferred tax assets	\$ 11,720	\$ 27,850	\$ 39,570	\$ 18,820	\$ 11,460	\$ 30,280
Deferred tax liabilities	(820)	(176,880)	(177,700)	(160)	(168,270)	(168,430)
Net deferred taxes	<u>\$ 10,900</u>	<u>\$ (149,030)</u>	<u>\$ (138,130)</u>	<u>\$ 18,660</u>	<u>\$ (156,810)</u>	<u>\$ (138,150)</u>

F-33

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

The following is a reconciliation of tax computed at the U.S. federal statutory rate to income tax expense (benefit) allocated to income (loss) before income taxes:

	(in thousands)			
	2003	2002		2001
	35%	35%	35%	35%
U.S. federal statutory rate				
Tax at U.S. federal statutory rate	\$ (12,780)	\$ 1,640	\$ (3,230)	
State and local taxes, net of federal tax benefit	860	400	330	
Higher effective foreign tax rate	150	500	750	
U.S. tax on undistributed foreign earnings	3,100	—	—	
Goodwill impairment	2,660	—	—	
Amortization in excess of tax, net	—	—	3,920	
Other, net	420	280	180	
Income tax expense (benefit)	<u>\$ (5,590)</u>	<u>\$ 2,820</u>	<u>\$ 1,950</u>	

Through June 6, 2002, the Company's results were included in Metaldyne's consolidated income tax returns and the provision for income tax expense (benefit) has been calculated as if the Company filed a separate income tax return(s). As a result of the common stock issuance and related financing transactions that occurred on June 6, 2002, the Company no longer files a consolidated return with Metaldyne and its subsidiaries for U.S. Federal and certain states income tax purposes after such date.

Liabilities for U.S. federal and state income taxes for the periods prior to June 6, 2002 were payable to Metaldyne. Under the terms of the TriMas stock purchase agreement, the income of the Company through June 6, 2002 (inclusive of interest push-down) was absorbed by the Metaldyne and subsidiaries consolidated loss and the Company is not required to reimburse Metaldyne. The 2002 current federal tax provision of \$3.5 million approximates this amount with an offsetting adjustment to equity. Liabilities for U.S. federal and state income taxes for the periods prior to June 6, 2002 were payable to Metaldyne.

As of December 31, 2003, the Company has unused U.S. net operating loss ("NOL") carryforwards of approximately \$58.4 million which expire from 2019 through 2023. This amount includes a U.S. Federal NOL of approximately \$52.1 million generated by TriMas since the June 6, 2002 separation from Metaldyne and \$6.3 million of the Metaldyne and subsidiaries consolidated NOL that is required to be allocated to the Company under the Internal Revenue Code and used on the Company's own separately filed Federal tax returns. The Company is required to reimburse Metaldyne for the utilization of the \$6.3 million NOL as it occurs. A \$2.2 million payable to Metaldyne was recorded upon separation in relation to such NOL. Additionally, the Company has approximately \$5.0 million of various state operating loss carryforwards that expire over a variety of dates through 2023.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-U.S. subsidiaries in those operations. As of December 31, 2003, applicable federal taxes of \$3.1 million are provided on amounts anticipated to be remitted. The Company has not made a provision for U.S. or additional foreign withholding taxes on approximately \$103.1 million of the excess of the amount for financial reporting over the tax basis of investments in certain foreign subsidiaries that are essentially permanent in duration. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

Tax expense (benefit) for the period January 1, 2002 through December 31, 2002 is shown before the cumulative effect of change in recognition and measurement of goodwill impairment of \$36.6 million, for which no tax benefit is available.

F-34

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

Cash taxes paid with respect to state and foreign jurisdictions during 2003 were \$8.5 million. Cash taxes paid with respect to foreign jurisdictions were \$3.3 million and \$3.5 million in 2002 and 2001, respectively.

**20. Summary Quarterly Financial Data (unaudited, in thousands)**

	For the year ended December 31, 2003			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$ 217,970	\$ 250,150	\$ 235,990	\$ 201,290
Gross profit	55,590	65,470	63,340	47,570
Net income (loss) before cumulative effect of change in accounting principle	(7,020)	(1,420)	3,670	(26,160)
Net income (loss)	(7,020)	(1,420)	3,670	(26,160)

	For the year ended December 31, 2002			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$ 195,110	\$ 205,880	\$ 185,750	\$ 163,510
Gross profit	54,480	60,490	40,430	39,190
Net income (loss) before cumulative effect of change in accounting principle	3,800	6,730	(4,040)	(4,620)
Net income (loss)	(32,830)	6,730	(4,040)	(4,620)

**21. Supplemental Guarantor Condensed Combining and Consolidating Financial Statements**

Under an indenture dated June 6, 2002, TriMas Corporation, the parent company ("Parent"), issued 9 7/8% Senior Subordinated Notes due 2012 in a total principal amount of \$437.8 million (face value). These Notes are guaranteed by substantially all of the Company's domestic subsidiaries ("Guarantor Subsidiaries"). All of the Guarantor Subsidiaries are 100% owned by the Parent and their guarantee is full, unconditional, joint and several. The Company's non-domestic subsidiaries and TSPC, Inc. have not guaranteed the Notes ("Non-Guarantor Subsidiaries"). The Guarantor Subsidiaries have also guaranteed amounts outstanding under the Company's Credit Facility.

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

Prior to June 6, 2002, the Parent held equity investments directly in certain of the Company's wholly-owned Non-Guarantor Subsidiaries, and equity in these investees is included in the Parent column of the accompanying condensed combining financial information for all periods presented. Subsequent to June 6, 2002, all investments in non-domestic subsidiaries are held directly at TriMas Company LLC, a wholly-owned subsidiary of TriMas Corporation and Guarantor Subsidiaries, and equity in non-domestic subsidiary investees for all periods subsequent to June 30, 2002 is included in the Guarantor column of the accompanying consolidating financial information. In addition, the results of Fittings are included with the results of the Guarantor Subsidiaries for each of the periods in which supplemental guarantor financial information is presented.

F-35

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#### INDEPENDENT AUDITOR'S REPORT

January 17, 2003

To the Shareholders  
**Highland Group Corporation**

We have audited the accompanying balance sheets of Highland Group Corporation as of December 31, 2002 and 2001, and the related statements of operations and retained earnings, and cash flows for the years ended December 31, 2002, 2001 and 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Highland Group Corporation as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years ended December 31, 2002, 2001 and 2000, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" effective January 1, 2002.

/s/ Walthall, Drake & Wallace LLP  
Certified Public Accountants  
Cleveland, Ohio

F-45

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#### HIGHLAND GROUP CORPORATION BALANCE SHEETS December 31, 2002 and 2001

##### ASSETS

	2002	2001
<b>Current</b>		
Cash	\$ 291,369	\$ 401,799
Receivables, net of allowance of \$106,252 and \$421,000 in 2002 and 2001, respectively	9,441,336	7,181,310



Inventories	7,180,531	5,460,922
Prepaid expenses	427,968	524,283
Deferred tax asset	30,000	175,000
<b>Total current assets</b>	<u>17,371,204</u>	<u>13,743,314</u>
<b>Property, plant and equipment</b>		
Land	80,400	80,400
Building and improvements	1,945,850	1,877,087
Machinery and equipment	520,755	459,937
Tooling	2,773,952	2,480,934
Data processing and office equipment	411,747	337,830
Show booth	120,290	112,493
	5,852,994	5,348,681
Less: Accumulated depreciation	<u>2,106,192</u>	<u>1,384,922</u>
	3,746,802	3,963,759
<b>Other assets</b>		
Goodwill, net	9,964,892	9,964,892
Patent, net	212,917	234,208
Deposits	13,521	12,350
Debt issuance costs, net	—	50,000
	<u>10,191,330</u>	<u>10,261,450</u>
<b>Total assets</b>	<u>\$ 31,309,336</u>	<u>\$ 27,968,523</u>

#### LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2002</u>	<u>2001</u>
<b>Current</b>		
Bank overdraft	\$ 604,396	\$ 632,249
Long-term debt, current portion	2,200,000	2,250,000
Accounts payable	1,936,007	1,910,702
Accrued liabilities	2,306,219	2,072,182
<b>Total current liabilities</b>	<u>7,046,622</u>	<u>6,865,133</u>
<b>Long-term debt</b>		
Long-term debt, less current portion	3,681,361	5,881,361
Revolving credit line	1,531,061	1,012,792
Deferred tax liability	315,000	25,000
	<u>5,527,422</u>	<u>6,919,153</u>
<b>Total liabilities</b>	<u>12,574,044</u>	<u>13,784,286</u>
<b>Common stock</b>		
No par value; 2,000 shares authorized; 1,000 shares issued and outstanding	6,266,666	6,266,666
<b>Retained earnings</b>	<u>12,468,626</u>	<u>7,917,571</u>
<b>Total stockholders' equity</b>	<u>18,735,292</u>	<u>14,184,237</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 31,309,336</u>	<u>\$ 27,968,523</u>

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

F-46

#### HIGHLAND GROUP CORPORATION STATEMENTS OF OPERATIONS AND RETAINED EARNINGS For the years ended December 31, 2002, 2001 and 2000

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Sales</b>			
Gross sales	\$ 52,944,587	\$ 43,887,409	\$ 36,754,017
Less returns and allowances	3,709,967	2,895,378	2,273,208
<b>Net sales</b>	<u>49,234,620</u>	<u>40,992,031</u>	<u>34,480,809</u>
<b>Cost of sales</b>	<u>31,248,218</u>	<u>25,417,507</u>	<u>21,664,797</u>
<b>Gross profit</b>	17,986,402	15,574,524	12,816,012
<b>Import/royalty income</b>	15,345	58,946	22,053
<b>Distribution expenses</b>	2,805,963	2,259,296	2,220,283
<b>Selling, general and administrative expenses</b>	<u>6,385,505</u>	<u>7,220,089</u>	<u>5,848,966</u>
<b>Operating income</b>	8,810,279	6,154,085	4,768,816
<b>Other expense</b>			
Amortization, debt issue costs	50,000	50,000	50,000
Interest, net	772,479	1,114,601	1,595,518
	<u>822,479</u>	<u>1,164,601</u>	<u>1,645,518</u>
<b>Income before taxes</b>	7,987,800	4,989,484	3,123,298
<b>Provision for income taxes</b>	3,436,745	1,701,821	1,277,037
<b>Net income</b>	4,551,055	3,287,663	1,846,261
<b>Retained earnings — beginning</b>	7,917,571	4,629,908	2,783,647
<b>Retained earnings — ending</b>	<u>\$ 12,468,626</u>	<u>\$ 7,917,571</u>	<u>\$ 4,629,908</u>

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

F-47

**HIGHLAND GROUP CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2002, 2001 and 2000

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Cash flows from operating activities</b>			
Net income	\$ 4,551,055	\$ 3,287,663	\$ 1,846,261
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	792,561	1,598,093	1,353,569
Deferred taxes	435,000	(150,000)	—
	<u>5,778,616</u>	<u>4,735,756</u>	<u>3,199,830</u>
Changes in assets and liabilities:			
Accounts receivable	(2,260,026)	(14,178)	(321,695)
Inventories	(1,719,609)	(1,459,733)	78,894
Other current assets	96,315	208,428	617,306
Deposits	(1,171)	2,676	(5,695)
Accounts payable	25,305	146,154	838,557
Other accrued liabilities	234,037	873,511	139,281
Total changes in assets and liabilities	<u>(3,625,149)</u>	<u>(243,142)</u>	<u>1,346,648</u>
Net cash provided by operating activities	2,153,467	4,492,614	4,546,478
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(504,313)	(887,271)	(1,894,784)
<b>Cash flows from financing activities</b>			
Bank overdraft	(27,853)	66,393	80,349
Revolving credit line, net	518,269	(980,173)	(943,655)
Payments on long-term debt	(2,250,000)	(2,302,083)	(1,777,084)
Net Cash Used in Financing Activities	<u>(1,759,584)</u>	<u>(3,215,863)</u>	<u>(2,640,390)</u>
<b>Net Increase (Decrease) in Cash</b>	<u>(110,430)</u>	<u>389,480</u>	<u>11,304</u>
Cash — Beginning	401,799	12,319	1,015
Cash — Ending	<u>\$ 291,369</u>	<u>\$ 401,799</u>	<u>\$ 12,319</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Cash paid during the year:			
Interest	<u>\$ 813,497</u>	<u>\$ 1,229,889</u>	<u>\$ 1,561,502</u>
Income taxes	<u>\$ 2,771,897</u>	<u>\$ 1,710,390</u>	<u>\$ 1,078,306</u>

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

F-48

**HIGHLAND GROUP CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of operations**

Highland Group Corporation was incorporated in December 1997 for the purpose of acquiring the operating business of Highland Group Industries LP, effective January 1, 1998. The Company is engaged in the manufacturing and distribution of automotive accessories with a manufacturing facility located in Sheffield, Pennsylvania and corporate offices located in Solon, Ohio. Major retail chains make up the principal market.

**Revenue recognition**

Sales are recognized when revenue is realized or realizable and earned, when title passes to the customer. A provision for product returns is recorded as a reduction of sales within the same period that the revenue is recognized. Revenue recognition practices do not contain estimates that materially affect results of operations.

**Receivables and allowance for doubtful accounts**

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

**Inventories**

Inventories are stated at the lower of cost or market with cost being determined on the first-in, first-out (FIFO) basis. Finished goods is comprised of both finished goods and products purchased for resale.

The following is a summary of inventories at the lower of cost or market:

	<u>2002</u>	<u>2001</u>
Raw Materials	\$ 2,396,552	\$ 2,122,313
Work-In-Process	380,091	389,851
Finished Goods	4,403,888	2,948,758
	<u>\$ 7,180,531</u>	<u>\$ 5,460,922</u>

**Property, plant and equipment**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows: buildings and building improvements (40-year life), machinery and equipment (5-10 year lives), tooling (5-10 year lives), computer equipment (5-year life), office equipment (5-10 year lives), and show booth (10-year life). Depreciation expense totaled \$721,270 and \$620,902 for the years ended 2002 and 2001, respectively.

**Shipping and handling expenses**

Shipping and handling costs are included in the line item *Distribution Expenses* in the financial statements. These include freight out, labor and other costs associated with shipping.

## Advertising expense

The cost of advertising is expensed as incurred. The Company incurred \$1,657,067, \$1,699,887 and \$1,631,690 in advertising and marketing expenses during 2002, 2001 and 2000, respectively.

F-49

## HIGHLAND GROUP CORPORATION NOTES TO FINANCIAL STATEMENTS

### NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Statements of cash flows

The Company considers cash-on-hand and demand deposits in banks as cash for the purpose of the Statements of Cash Flows.

Debt issuance costs are amortized over the term of the related contract. Amortization charged to operations for 2002, 2001 and 2000 was \$50,000 each year.

#### Stock option plan

The Company has a stock-based employee compensation plan, which is described more fully in Note 9. The Company accounts for this plan under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under this plan had an exercise price equal to the market value of the underlying stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation.

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Net income, as reported	\$ 4,551,055	\$ 3,287,663	1,846,261
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	<u>(12,453)</u>	<u>(24,906)</u>	<u>(51,324)</u>
	<u>\$ 4,538,602</u>	<u>\$ 3,262,757</u>	<u>1,794,937</u>

### NOTE 2 — USE OF ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 3 — REVOLVING CREDIT LINE

The Company has a revolving line of credit agreement with a commercial bank which allows for maximum borrowings of \$10,000,000. Interest is payable monthly at a fluctuating rate based on the prime rate plus a margin amount. The margin amount can range from .5% to 1.0% based upon certain financial ratios of the Company. The Company may also elect a fixed interest rate for a specified period of time, based on the applicable LIBOR rate and margin amount. The margin amount for LIBOR loans is either 2.75% or 3.25%, based upon certain financial ratios of the Company. The interest rate at December 31, 2002 is 4.75%. The loan is secured by eligible accounts receivable, inventories, equipment and a first mortgage on the Company's real property. Amounts borrowed under this agreement totaled \$1,531,061 and \$1,012,792 at December 31, 2002 and 2001, respectively.

The Company is also required to pay a commitment fee to the bank on the unused portion of the credit line, at an annual rate of .375%.

The Company's cash management arrangement with its commercial bank provides automatic coverage of overdrafts up to its credit limit.

### NOTE 4 — RELATED PARTY TRANSACTIONS

Management services are being provided by the majority shareholder of the Company under a management agreement for a fee of \$25,000 per month. The total fees paid in 2002, 2001 and 2000 were \$300,000 each year. The agreement is for a one-year term commencing in January 1998 with an

F-50

## HIGHLAND GROUP CORPORATION NOTES TO FINANCIAL STATEMENTS

### NOTE 4 — RELATED PARTY TRANSACTIONS (Continued)

annual renewal provision. The Company has a note payable (see Note 5) to the majority shareholder of the Company. Interest expense under this note for 2002, 2001 and 2000 was \$168,000 each year.

### NOTE 5 — LONG-TERM DEBT

The following is a summary of long-term debt:

	<u>2002</u>		<u>2001</u>	
	<u>Current</u>	<u>Long-Term</u>	<u>Current</u>	<u>Long-Term</u>
The Company had a note payable to a commercial bank, dated January 9, 1998, in the original amount of \$8,000,000. This note was increased in January 2000, with an additional \$2,000,000 being lent, resulting in an adjusted amount of \$8,131,261. The note is payable in twenty-four quarterly principal payments which increase from \$250,000 to \$375,000 through 2006. Interest is payable quarterly at prime rate plus a margin amount. The margin amount can range from .5% to	\$ 1,500,000	\$ 2,981,361	\$ 1,437,500	\$ 4,481,361

1.5%, based upon certain financial ratios of the Company. The Company may also elect a fixed rate based on the applicable LIBOR rate and margin amount. The margin amount for the LIBOR rate is either 3.25% or 3.75%, based upon certain financial ratios of the Company. The interest rate at December 31, 2002 is 5.25%.

The Company had a liability to the partners of the Company's predecessor entity, in the original amount of \$3,250,000 pursuant to an earn-out agreement. The agreement required a payment of \$812,500 in addition to the execution of a promissory note in the amount of \$2,437,500 and was payable in three annual installments of \$812,500 each, commencing March 15, 2000 with the final payment March 15, 2002. Interest was payable monthly, at an annual rate of 10% on the outstanding balance.

—                      —                      812,500                      —

The Company has a note payable to the majority shareholder of the Company, dated January 9, 1998, in the original amount of \$1,400,000. The note is payable in two installments of \$700,000 each on December 31, 2003 and 2004. Interest is payable monthly, at an annual rate of 12%, on the outstanding balance.

700,000                      700,000                      —                      1,400,000

F-51

**HIGHLAND GROUP CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 — LONG-TERM DEBT (Continued)**

The following are maturities of long-term debt:

<u>Year</u>	
2003	\$ 2,200,000
2004	2,200,000
2005	1,410,900
2006	<u>70,461</u>
	<u>\$ 5,881,361</u>

Interest expense for 2002, 2001 and 2000 totaled \$772,479, \$1,114,601 and \$1,595,518, respectively.

**NOTE 6 — LEASES**

The Company leases office space in Solon, Ohio. Rent expense for 2002, 2001 and 2000 under this lease was \$63,136 each year. The Company leases equipment under operating leases expiring through 2004. Equipment rental expense for 2002, 2001 and 2000 under these leases totaled \$58,520, \$59,252 and \$55,272, respectively.

The future minimum rentals under these agreements are as follows:

<u>Year</u>	<u>Equipment</u>	<u>Real Estate</u>
2003	\$ 39,435	\$ 63,136
2004	7,690	52,613
2005	<u>2,723</u>	<u>—</u>
	<u>\$ 49,848</u>	<u>\$ 115,749</u>

**NOTE 7 — PROFIT SHARING PLAN**

The Company has a qualified profit sharing plan which permits participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The Company contributes 3% of each qualified employee's salary into the plan. The cost incurred for contributions under this arrangement was \$180,924, \$194,070 and \$113,303 for 2002, 2001 and 2000, respectively.

**NOTE 8 — CONTINGENCIES**

The Company is from time to time named as a defendant in lawsuits filed by consumers. The consumers allege the Company manufactured faulty products which caused harm. The lawsuits seek compensatory and punitive damages in various amounts. The Company believes the suits are completely without merit and intends to vigorously defend its position.

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not materially affect the financial position of the company.

**NOTE 9 — STOCK OPTION PLAN**

Effective February 24, 1999 the Company adopted the Highland Group Corporation 1999 Key Employees Stock Option Plan. Effective August 7, 2001 the plan was amended, restated and renamed the Highland Group Corporation Management Stock Option Plan. The plan allows for options to be granted to Key employees as well as outside directors of the Company. Options granted under this plan are nonqualified stock options. Options may be issued for an aggregate of 64 shares under this plan. For Key employees options vest over a two-year period from the grant date, with 50% vesting

F-52

**HIGHLAND GROUP CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 — STOCK OPTION PLAN (Continued)**

after one year. For outside directors, options are 50% vested as of the grant date, 25% as of January 10, 2002 and the remaining 25% on January 10, 2003. The options expire on the tenth anniversary of the effective date.

Grant Date	Number of Shares Options Granted For	Exercise Price for Each Option
2/24/99	38.50	\$ 11,545
6/01/00	4.25	23,000
8/07/01	8.49	9,000

Options for a total of 51.24 shares have been granted, or approximately 5% of the equity value of the Company.

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APBO No. 25), and related interpretations, in accounting for this stock option plan. The company has elected this treatment because, as discussed below, the alternative fair value accounting provided for under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), requires the use of highly subjective assumptions in option valuation models. Under APBO No. 25, no compensation expense has been recognized on the financial statements because the exercise price of the Company's stock options is not less than the fair market value of the shares at the grant date.

Pro forma information regarding net income, determined as if the Company had adopted SFAS No. 123, is required by that statement, and is disclosed in Note 1 of these statements. The fair value for these options was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions for all options granted: a risk-free interest rate of 4.89%; an expected life of the options of five years for 1999 options; four years for 2000 options; two years for 2002 options; no expected dividend yield; and no volatility factor.

**NOTE 10 — 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 the Company's assets and liabilities.

The components of the income tax provision for the years ended December 31, 2002, 2001, and 2000 are as follows:

	2002	2001	2000
Provision for income taxes expense:			
Currently payable:			
U.S. federal	\$2,458,992	\$1,428,471	\$1,012,029
State and local	677,753	423,350	265,008
Deferred tax expense	300,000	(150,000)	—
Income taxes	<u>\$3,436,745</u>	<u>\$1,701,821</u>	<u>\$1,277,037</u>

F-53

**HIGHLAND GROUP CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 — INCOME TAXES (Continued)**

The tax effects of the primary temporary differences giving rise to the Company's net deferred tax assets and liabilities at December 31, 2002 and 2001 are summarized as follows:

	2002	2001
Deferred assets:		
Inventory	\$ —	\$ 4,124
Accounts receivable	36,126	150,140
Accrued liabilities	3,153	34,149
Intangible assets	—	21,074
	<u>39,279</u>	<u>209,487</u>
Deferred tax liabilities:		
Other	(10,559)	—
Depreciation	(43,451)	(59,487)
Intangible assets	(270,269)	—
	<u>(324,279)</u>	<u>(59,487)</u>
Net deferred tax asset/(liability)	<u>\$ (285,000)</u>	<u>\$ 150,000</u>

As of December 31, 2002 and 2001, net deferred taxes are classified in the accompanying balance sheet as follows:

	2002			2001		
	Current	Long-Term	Total	Current	Long-Term	Total
Deferred tax asset	\$ 39,279	\$ —	\$ 39,279	\$ 175,000	\$ 34,487	\$ 209,487
Deferred tax liability	(9,279)	(315,000)	(324,279)	—	(59,487)	(59,487)
Net deferred taxes	<u>\$ 30,000</u>	<u>\$ (315,000)</u>	<u>\$ (285,000)</u>	<u>\$ 175,000</u>	<u>\$ (25,000)</u>	<u>\$ 150,000</u>

The difference between the statutory tax rate and the Company's effective tax rate are summarized as follows:

	2002	2001	2000
Tax at U.S. federal statutory rate	2,715,852	1,696,425	1,061,921
State and local taxes, net of federal tax benefit	447,317	279,411	174,905

Other	273,576	(274,015)	40,211
Income taxes	<u>3,436,745</u>	<u>1,701,821</u>	<u>1,277,037</u>

The Company has historically established an income tax accrual for state tax uncertainties and annually reviews the adequacy of such accrual. During 2001, the Company determined the accruals for certain items were no longer necessary. The other benefit of \$274,015 recognized during 2001 is primarily related to the release of these accruals.

#### NOTE 11 — MAJOR CUSTOMERS AND SUPPLIERS

Sales to one customer aggregated 44% in 2002. Sales to the Company's top three customers aggregated 63% and 57% in 2001 and 2000. The Company made approximately 48% of its purchases from two suppliers in each of 2002 and 2001 and this purchases amount was 49% in 2000. The Company grants credit to customers, many of whom are major retail chains.

F-54

### HIGHLAND GROUP CORPORATION NOTES TO FINANCIAL STATEMENTS

#### NOTE 12 — INTANGIBLE ASSETS

Effective January 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142), which provides that Goodwill shall no longer be amortized. Instead, Goodwill is to be tested for impairment on an annual basis. The effect of this standard is that the Company will no longer recognize amortization expense on its books for Goodwill. If Goodwill were determined to be impaired, a charge to current operation would be made in the year of impairment. The Company completed its transitional goodwill impairment assessment and its annual impairment assessment with no adjustment to the carrying value of its goodwill. Goodwill continues to be amortized for tax purposes. The Company has a patent that is being amortized over a 15-year period on a straight-line basis. Aggregate intangible amortization expense was \$21,292, \$927,191 and \$927,191 in 2002, 2001 and 2000, respectively.

	<u>2002</u>		<u>2001</u>	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets:				
Patent	\$ 319,375	\$ (106,458)	\$ 319,375	\$ (85,167)
Unamortizable Intangible Assets:				
Goodwill	\$ 13,588,489	\$ (3,623,597)	\$ 13,588,489	\$ (3,623,597)

#### Future Estimated Amortization Expense

For the year ended:

2003	\$21,292
2004	21,292
2005	21,292
2006	21,292
2007	21,292

#### Pro Forma Information

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Reported net income	\$ 4,551,055	\$ 3,287,663	\$ 1,846,261
Add back: Goodwill amortization	—	905,899	905,899
Adjusted net income	<u>\$ 4,551,055</u>	<u>\$ 4,193,562</u>	<u>\$ 2,752,160</u>

F-55

### TriMas Corporation Balance Sheet March 31, 2004 and December 31, 2003 (unaudited — dollars in thousands)

	<u>March 31, 2004</u>	<u>December 31, 2003</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,920	\$ 6,780
Receivables	108,260	118,970
Inventories	136,620	124,090
Deferred income taxes	11,010	10,900
Prepaid expenses and other current assets	11,140	8,440
Total current assets	<u>273,950</u>	<u>269,180</u>
Property and equipment, net	196,860	187,420
Goodwill	658,040	658,900
Other intangibles	320,680	322,750
Other assets	60,540	61,780
Total assets	<u>\$ 1,510,070</u>	<u>\$ 1,500,030</u>

#### Liabilities and Shareholders' Equity

Current liabilities:		
Current maturities, long-term debt	\$ 3,300	\$ 10,920
Accounts payable	104,560	94,130
Accrued liabilities	75,330	75,100
Due to Metaldyne	3,560	4,400
Total current liabilities	<u>186,750</u>	<u>184,550</u>
Long-term debt	731,280	725,060
Deferred income taxes	150,580	149,030
Other long-term liabilities	36,620	37,770
Due to Metaldyne.	6,570	6,960
Total liabilities	<u>1,111,800</u>	<u>1,103,370</u>
Commitments and contingencies (Note 9)		
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: 20,010,000 shares	200	200
Paid-in capital	399,460	399,870
Retained deficit.	(35,700)	(38,240)
Accumulated other comprehensive income.	34,310	34,830
Total shareholders' equity	<u>398,270</u>	<u>396,660</u>
Total liabilities and shareholders' equity	<u>\$ 1,510,070</u>	<u>\$ 1,500,030</u>

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

F-56

**TriMas Corporation**  
**Statement of Operations**  
**For the Three Months Ended**  
**March 31, 2004 and March 30, 2003**  
**(unaudited — dollars in thousands, except for per share amounts)**

	<u>Three Months Ended March</u>	
	<u>2004</u>	<u>2003</u>
Net sales	\$ 260,900	\$ 217,970
Cost of sales	(196,290)	(162,480)
Gross profit	64,610	55,490
Selling, general and administrative expenses	(43,710)	(38,370)
Loss on dispositions of property and equipment	(250)	(12,150)
Operating profit	<u>20,650</u>	<u>4,970</u>
Other expense, net:		
Interest expense	(16,310)	(16,380)
Other, net	(300)	(220)
Other expense, net	<u>(16,610)</u>	<u>(16,600)</u>
Income (loss) before income tax (expense) benefit	4,040	(11,630)
Income tax (expense) benefit	(1,500)	4,610
Net income (loss)	<u>\$ 2,540</u>	<u>\$ (7,020)</u>
Basic earnings (loss) per share	<u>\$ 0.13</u>	<u>\$ (0.35)</u>
Diluted earnings (loss) per share	<u>\$ 0.13</u>	<u>\$ (0.35)</u>
Weighted average common shares — basic	<u>20,010,000</u>	<u>20,072,230</u>
Weighted average common shares — diluted	<u>20,310,491</u>	<u>20,072,230</u>

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

F-57

**TriMas Corporation**  
**Statement of Cash Flows**  
**For the Three Months Ended**  
**March 31, 2004 and March 30, 2003**  
**(unaudited — dollars in thousands)**

	<u>Three Months Ended March</u>	
	<u>2004</u>	<u>2003</u>
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 2,540	\$ (7,020)
Adjustments to reconcile net income (loss) to net cash provided by operating activities, net of acquisition impact:		
Loss on dispositions of property and equipment	250	12,150
Depreciation and amortization	10,230	11,130
Legacy stock award expense	—	1,270
Amortization of debt issue costs	1,180	940
Deferred income taxes	—	(7,420)
Net proceeds from accounts receivable securitization	56,890	57,430
Payment to Metaldyne to fund contractual liabilities	(1,980)	(4,570)
Increase in receivables	(44,910)	(26,410)

Increase in inventories	(10,460)	(1,300)
Increase in prepaid expenses and other assets	(2,630)	(2,390)
Increase in accounts payable and accrued liabilities	12,140	12,930
Other, net	(1,620)	1,090
Net cash provided by operating activities, net of acquisition impact	<u>21,630</u>	<u>47,830</u>

**Cash Flows from Investing Activities:**

Capital expenditures	(14,820)	(4,670)
Proceeds from sales of fixed assets	200	42,120
Acquisition of businesses, net of cash acquired	(5,430)	(200,750)
Net cash used for investing activities	<u>(20,050)</u>	<u>(163,300)</u>

**Cash Flows from Financing Activities:**

Repayments of borrowings on senior credit facility	(720)	—
Proceeds from borrowings on revolving credit facility	164,500	191,700
Repayments of borrowings on revolving credit facility	(157,500)	(176,700)
Payments on notes payable	(7,720)	(100)
Net proceeds from issuance of common stock	—	30,000
Debt issuance costs	—	(250)
Increase in Metaldyne Corporation net investment and advances	—	1,040
Net cash provided by (used for) financing activities	<u>(1,440)</u>	<u>45,690</u>

**Cash and Cash Equivalents:**

Increase (decrease) for the period	140	(69,780)
At beginning of period	6,780	100,440
At end of period	<u>\$ 6,920</u>	<u>\$ 30,660</u>

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

F-58

**TriMas Corporation**  
**Statement of Shareholders' Equity**  
**For the Three Months Ended March 31, 2004**  
**(unaudited — dollars in thousands)**

	Common Stock	Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balances, December 31, 2003	\$ 200	\$ 399,870	\$ (38,240)	\$ 34,830	\$ 396,660
Comprehensive income (loss):					
Net income	—	—	2,540	—	2,540
Foreign currency translation	—	—	—	(520)	(520)
Total comprehensive income (loss)				(520)	2,020
Non-cash compensation expense	—	50	—	—	50
Net adjustments to reflect settlement of contractual obligations	—	(460)	—	—	(460)
Balances, March 31, 2004	<u>\$ 200</u>	<u>\$ 399,460</u>	<u>\$ (35,700)</u>	<u>\$ 34,310</u>	<u>\$ 398,270</u>

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

F-59

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Basis of Presentation**

TriMas Corporation ("TriMas" or the "Company"), through its subsidiaries, is a global manufacturer of products for commercial, industrial and consumer markets. The Company is principally engaged in four business segments with diverse products and market channels. Rieke Packaging Systems is a leading source of closures and dispensing systems for steel and plastic industrial and consumer packaging applications. Cequent Transportation Accessories produces vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch mounted accessories, roof racks, trailer couplers, winches, jacks, trailer brakes and lights and other vehicle and trailer accessories and components that are distributed through independent installers and retail outlets. The Industrial Specialties segment produces flame-retardant facings and jacketing and insulation tapes used in conjunction with fiberglass insulation, pressure-sensitive specialty tape products; high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases; metallic and nonmetallic industrial gaskets; specialty precision tools such as center drills, cutters, end mills, reamers, master gears, gages and punches; specialty engines and service parts and specialty ordnance components and weapon systems. The Fastening Systems segment produces a wide range of large and small diameter standard and custom-designed ferrous, nonferrous and special alloy fasteners used in automotive and industrial applications, and highly engineered specialty fasteners for the global aerospace industry.

On May 9, 2003, the Company acquired a fasteners manufacturing business ("Fittings") from Metaldyne Corporation ("Metaldyne") for approximately \$22.7 million on a debt free basis. The acquired business is a manufacturer of specialized fittings and cold-headed parts used in automotive and industrial applications. The transaction was funded by a combination of borrowings under the Company's revolving credit facility and a cash equity contribution by Heartland. The acquired business had 2003 revenues of approximately \$16.1 million and net assets of approximately \$12.4 million. Because the Company and Metaldyne are under common control of Heartland, this transaction was accounted for as a reorganization of entities under common control and,



accordingly, the Company did not establish a new basis of accounting in the assets or liabilities of Fittings. The Company's reported results for prior periods have been revised to include the financial results of Fittings, including the allocation of certain charges to Fittings. Examples of such allocations include a Metaldyne management fee and interest expense on Fittings' net investment and advances balance. These allocations are based on estimates that management believes are reasonable. Additional adjustments to paid-in-capital may be recorded in subsequent periods to reflect finalization of certain estimated amounts at the transaction date. The Guarantor note information in Note 16 has been revised to include the Fittings balances in the Guarantor column for all periods presented.

The accompanying financial statements include the accounts of the Company and its subsidiaries and in the opinion of management, contain all adjustments, including adjustments of a normal and recurring nature, necessary for a fair presentation of financial position and results of operations. Certain prior year items have been reclassified to conform to the current year presentation. Results of operations for interim periods are not necessarily indicative of results for the full year. The accompanying financial statements and notes thereto should be read in conjunction with the Company's 2003 Annual Report on Form 10-K.

## 2. Acquisitions

On January 29, 2004, the Company acquired all of the capital stock of Theodore Bargman Company ("Bargman") for approximately \$5.4 million. Bargman had revenues of approximately \$12.8 million in 2003 and net assets of approximately \$3.1 million as of the acquisition date. Bargman is a manufacturer of lighting products, electrical accessories, access doors, locks and latches for the recreational vehicle market. The acquisition of Bargman is included as part of the business segment

F-60

### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued) (unaudited)

operations of Cequent Transportation Accessories and provides additional opportunities to strengthen Cequent's presence in the transportation accessories and cargo management space, specifically bolstering Cequent's position in the RV market. The impact of the Bargman acquisition is not significant to the Company's operations.

On January 30, 2003, the Company acquired all of the capital stock of HammerBlow Acquisition Corp. ("HammerBlow") from 2000 Riverside Capital Appreciation Fund, L.P., and other stockholders of HammerBlow for \$145.2 million (including the Company's previous investment of \$9.0 million). Of this amount, \$7.2 million, net of the purchase price, was deferred and was paid in January 2004. HammerBlow is a manufacturer and distributor of towing, trailer, and other vehicle accessories throughout North America and the purchase includes The HammerBlow Corporation, Hidden Hitch, Tekonsha Towing Systems ("Tekonsha") and Sure Pull Towing Systems ("SurePull"). HammerBlow acquired Tekonsha and SurePull from Dana Corporation on November 21, 2002.

On February 21, 2003, the Company acquired Highland Group Industries ("Highland") from the shareholders and option holders of Highland and FNL Management Corp. The total consideration paid was \$73.5 million. Highland is a market-leading supplier of cargo management products and a full line supplier of vehicle protection products, specializing in products that help people safely load, anchor, secure, tow, carry, trailer, and organize cargo, as well as protect the vehicle and its cargo area.

The results of the HammerBlow and Highland acquisitions were included in the Company's March 30, 2003 financial statements from the respective dates of acquisition. The following selected unaudited pro forma combined results of operations for the Company, HammerBlow and Highland have been prepared assuming that the acquisitions occurred on January 1, 2003. The selected unaudited pro forma combined results are based on the historical information for TriMas, HammerBlow and Highland. The pro forma financial information is not necessarily indicative of the combined results of operations that would have been attained had the acquisitions taken place at the beginning of 2003, nor is the information indicative of future results. The expense associated with the step-up in basis of inventory of \$2.3 million determined in purchase accounting has been excluded as it will not be recurring.

(in thousands)	Three Months Ended March 30, 2003	
	As	
	Reported	Pro Forma
Net sales	\$ 217,970	\$ 234,390
Operating profit	4,970	9,760
Net loss	\$ (7,020)	\$ (4,780)

## 3. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the three months ended March 31, 2004 are as follows:

(in thousands)	Rieke Packaging Systems	Cequent Transportation Accessories	Fastening Systems	Industrial Specialties	Total
	Balance, December 31, 2003	\$ 173,330	\$ 364,810	\$ 53,360	\$ 67,400
Reversal of restructuring reserves and other adjustments	—	(1,680)	—	—	(1,680)
Foreign currency translation and other	570	300	—	(50)	820
Balance, March 31, 2004	<u>\$ 173,900</u>	<u>\$ 363,430</u>	<u>\$ 53,360</u>	<u>\$ 67,350</u>	<u>\$ 658,040</u>

F-61

### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued) (unaudited)

The gross carrying amounts and accumulated amortization for the Company's other intangibles as of March 31, 2004 and December 31, 2003 are summarized below. The Company amortizes these assets over periods ranging from 5 to 40 years.

Intangible Category by Useful Life (in thousands)	As of March 31, 2004		As of December 31, 2003	
	Gross Carrying	Accumulated Amortization	Gross Carrying	Accumulated Amortization

	Amount		Amount	
Customer relationships:				
6 – 12 years	\$ 26,500	\$ (8,750)	\$ 26,500	\$ (8,090)
15 – 25 years	103,780	(12,510)	102,200	(11,140)
40 years	105,460	(9,260)	105,460	(8,600)
Total customer relationships	<u>235,740</u>	<u>(30,520)</u>	<u>234,160</u>	<u>(27,830)</u>
Trademark/Trade names	68,320	(4,200)	68,400	(4,200)
Technology and other:				
5 – 15 years	28,170	(9,760)	27,740	(8,700)
17 – 30 years	38,720	(5,790)	38,530	(5,350)
Total technology and other	<u>66,890</u>	<u>(15,550)</u>	<u>66,270</u>	<u>(14,050)</u>
	<u>\$ 370,950</u>	<u>\$ (50,270)</u>	<u>\$ 368,830</u>	<u>\$ (46,080)</u>

Amortization expense related to technology and other intangibles was approximately \$1.3 million and \$1.2 million for the three months ended March 31, 2004 and March 30, 2003, respectively, and is included in cost of sales in the accompanying statement of operations. Amortization expense related to customer intangibles and trademarks and trade names was approximately \$2.7 million in both of the three month periods ended March 31, 2004 and March 30, 2003, and is included in selling, general and administrative expense in the accompanying statement of operations.

Effective January 1, 2004, in conjunction with estimating useful lives and valuing identified intangible assets acquired in the acquisition of HammerBlow and Highland, the Company also reviewed the estimated useful lives of its existing trademarks/trade names. Because it is the Company's intent to maintain and continue to support, develop and market these trademarks/trade names in the future, the Company has revised the useful life of such trademarks/trade names from 40 years to an indefinite life, and has discontinued amortization of these intangibles prospectively. Had these intangible assets not been amortized in prior years, annual amortization expense would have been reduced approximately \$1.4 million in prior years.

#### 4. Restructurings

During 2003, the Company adopted restructuring plans and established purchase accounting and restructuring reserves at certain of its business units. Activity related to these plans and spending against such reserves in the quarter ended March 31, 2004 is summarized below:

(in thousands)	Severance	Curtailment of Benefit Plan	Closure Costs and Other	Total
Reserve at December 31, 2003	\$ 5,140	\$ 880	\$ 1,380	\$ 7,400
Establishment of reserves	860	—	—	860
Cash payments	(530)	—	(40)	(570)
Reversal of restructuring reserves (non cash)	(2,060)	—	(640)	(2,700)
Reserve at March 31, 2004	<u>\$ 3,410</u>	<u>\$ 880</u>	<u>\$ 700</u>	<u>\$ 4,990</u>

F-62

### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued) (unaudited)

Of the \$0.9 million reserves established during the first quarter of 2004, \$0.8 million is included in cost of sales and \$0.1 million is included in selling, general and administrative expense in the accompanying statement of operations.

During the second quarter of 2003, in conjunction with the acquisition of Fittings, the Company adopted a plan to close one additional manufacturing facility within its Fastening Systems segment and consolidate those operations into Fastening Systems' remaining three manufacturing facilities. These actions will result in the elimination of approximately 160 positions, of which approximately 50 have been eliminated as of March 31, 2004. Additional severance amounts have been added to the restructuring reserve during the first quarter of 2004 as certain employees have earned additional severance benefits based on contingency arrangements in their severance agreements. The remaining severance amounts are expected to be paid during 2004. Also during the second quarter of 2003, the Company's Industrial Specialties segment adopted a plan to centralize certain gasket applications and distribution activities within a single facility. In addition, the group will rationalize the back office general and administrative support within certain of its branch service centers. These actions resulted in the elimination of approximately 70 positions during 2003. The remaining severance amounts are expected to be paid during 2004.

During the first quarter of 2004, the Company finalized its restructuring plan with respect to the HammerBlow and Highland acquisitions, resulting in a non-cash reduction in the recorded restructuring reserve of approximately \$2.7 million. The offsetting after-tax amount has been recorded as a reduction to goodwill.

In addition to the new restructuring plans in 2003, the Company continues implementation activities of its restructuring plan adopted in connection with the acquisition of Metaldyne by Heartland in November 2000. In connection with this November 2000 restructuring plan, approximately 580 jobs were eliminated as a result of these restructuring actions, with the remaining severance amounts to be paid during 2004. The Company also closed, consolidated and rationalized certain operations and back office facilities as a part of this restructuring plan. The Company expects the closure costs related to these facilities to run out through 2005. The following table summarizes reserves established in purchase accounting in connection with the November 2000 plan and the subsequent related activity:

(in thousands)	Severance	Closure Costs	Total
Reserve at December 31, 2003	\$ 1,410	\$ 950	\$ 2,360
Cash	(360)	(270)	(630)
Non-cash	—	—	—
Reserve at March 31, 2004	<u>\$ 1,050</u>	<u>\$ 680</u>	<u>\$ 1,730</u>

#### 5. Accounts Receivable Securitization

As part of the June 2002 financing transactions, TriMas established a receivables securitization facility and organized TSPC, Inc. ("TSPC"), a wholly-owned subsidiary, to sell trade accounts receivable of substantially all domestic business operations. Prior to June 2002, TriMas sold certain of its accounts receivable to MTSPC, Inc. ("MTSPC"), a wholly owned subsidiary of Metaldyne.

TSPC from time to time may sell an undivided fractional ownership interest in the pool of receivables up to approximately \$125 million to a third party multi-seller receivables funding company. The net proceeds of sales are less than the face amount of accounts receivable sold by an amount that approximates the purchaser's financing costs, which amounted to a total of \$0.4 million and \$0.3 million for the three months ended March 31, 2004 and March 30, 2003, respectively. As of March 31, 2004 and December 31, 2003, the Company had \$67.5 million and \$49.0 million, respectively, of receivables available for sale, of which approximately \$56.9 million and \$0, respectively, were sold

F-63

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

under this arrangement. The Company held a retained interest in the sold receivables at March 31, 2004 of approximately \$65.2 million which is included in receivables in the accompanying balance sheet. The usage fee under the facility is 1.5%. In addition, the Company is required to pay a fee of 0.5% on the unused portion of the facility. This facility expires in June 2005.

The financing costs are determined by calculating the estimated present value of the receivables sold compared to their carrying amount. The estimated present value factor is based on historical collection experience and a discount rate representing a spread over LIBOR as prescribed under the terms of the securitization agreement. As of March 31, 2004, the financing costs are based on an average liquidation period of the portfolio of approximately 1.5 months and average discount rate of 2.3%. As of March 30, 2003, the financing costs were based on an average liquidation period of the portfolio of approximately 1.5 months and average discount rate of 2.4%.

**6. Inventories**

Inventories consist of following components:

(in thousands)	March 31, 2004	December 31, 2003
Finished goods	\$ 68,370	\$ 68,060
Work in process	20,160	17,770
Raw materials	48,090	38,260
Total inventories	<u>\$ 136,620</u>	<u>\$ 124,090</u>

**7. Property and Equipment, Net**

Property and equipment consists of the following components:

(in thousands)	March 31, 2004	December 31, 2003
Land and land improvements	\$ 3,260	\$ 3,240
Buildings	56,600	52,840
Machinery and equipment	202,240	190,290
	<u>262,100</u>	<u>246,370</u>
Less: Accumulated depreciation	65,240	58,950
Property and equipment, net	<u>\$ 196,860</u>	<u>\$ 187,420</u>

Depreciation expense was approximately \$6.0 million and \$6.9 million for the three months ended March 31, 2004 and March 30, 2003, respectively.

F-64

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

**8. Long-Term Debt**

The Company's long-term debt at March 31, 2004, net of the unamortized discount of \$2.4 million and unamortized premium of \$0.8 million from the face value of the Company's 9 7/8% senior subordinated notes, is as follows:

(in thousands)	March 31, 2004	December 31, 2003
Bank debt	\$ 298,060	\$ 291,780
9 7/8% senior subordinated notes, due June 2012 ("Notes")	436,110	436,070
Other	410	8,130
	<u>734,580</u>	<u>735,980</u>
Less: Current maturities, long-term debt	3,300	10,920
Long-term debt	<u>\$ 731,280</u>	<u>\$ 725,060</u>

The Company is party to a credit facility ("Credit Facility") with a group of banks which consists of a \$335 million term loan facility, an uncommitted incremental term loan of \$125 million and a senior revolving credit facility of up to \$150 million, including up to \$100 million for one or more permitted acquisitions. The weighted average interest rate on the credit facility was 4.64% at March 31, 2004. At March 31, 2004, the Company also had letters of credit of approximately \$25.5 million issued and outstanding.

The bank debt is an obligation of subsidiaries of the Company. Although the Credit Facility does not restrict the Company's subsidiaries from making distributions to it in respect of the exchange notes, it does contain certain other limitations on the distribution of funds from TriMas Company, LLC, the principal subsidiary, to the Company. The restricted net assets of the guarantor subsidiaries, approximately \$827.6 million at March 31, 2004 are presented in the financial information in Note 16. The Credit Facility contains negative and affirmative covenants and other requirements affecting the Company and its 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 greater than \$75 million if sold at fair market value, hedging agreements, dividends and other restricted junior payments, stock repurchases, transactions with affiliates, restrictive agreements and amendments to charters, by-laws, and other material documents. The Credit Facility also requires the Company and its subsidiaries to meet certain restrictive financial covenants and ratios computed quarterly, including a leverage ratio (total consolidated indebtedness plus outstanding amounts under the accounts receivable securitization facility over consolidated EBITDA, as defined), interest expense ratio (consolidated EBITDA, as defined over cash interest expense, as defined) and a capital expenditures covenant. The Company was in compliance with its covenants at March 31, 2004.

The Notes indenture contains negative and affirmative covenants and other requirements that are comparable to those contained in the Credit Facility. At March 31, 2004, the Company was in compliance with all such covenant requirements.

The Company paid cash for interest of approximately \$5.1 million and \$3.8 million for the three months ended March 31, 2004 and March 30, 2003, respectively.

## 9. Commitments and Contingencies

A civil suit was filed in the United States District Court for the Central District of California in April 1983 by the United States of America and the State of California under the federal superfund law against over 30 defendants, including the Company, for alleged release into the environment of hazardous substances disposed of at the Stringfellow Disposal Site in California. The plaintiffs have requested, among other things, that the defendants clean up the contamination at that site. A consent

F-65

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### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued) (unaudited)

decree has been entered into by the plaintiffs and the defendants, including us, providing that the consenting parties perform partial remediation at the site. The State of California has agreed to take over clean-up of the site, as well as responsibility for governmental entities' past response costs.

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

As of May 10, 2004, the Company is party to approximately 890 pending cases involving approximately 35,327 claimants alleging personal injury from exposure to asbestos containing materials formerly used in gaskets (both encapsulated and otherwise) manufactured or distributed by certain of our subsidiaries for use in the petrochemical refining and exploration industries. The Company believes that many of the pending cases relate to locations at which none of our gaskets were distributed or used. In addition, TriMas acquired various companies to distribute the Company's products that distributed gaskets of other manufacturers prior to acquisition. Total settlement costs (exclusive of defense costs) for all such cases, some of which were filed over 12 years ago, have been approximately \$2.0 million. Based upon the Company's experience to date and other available information (including the availability of excess insurance), the Company does not believe that these cases will have a material adverse effect on its financial condition or future results of operations. However, we may be subjected to significant additional claims in the future, the cost of settling cases in which product identification can be made may increase and we may be subjected to further claims with respect to the former activities of our acquired gasket distributors.

The Company has provided reserves based upon its present knowledge and, subject to future legal and factual developments, does not believe that the ultimate outcome of any of the aforementioned litigations will have a material adverse effect on its consolidated financial position and future results of operations and cash flows. However, there can be no assurance that future legal and factual developments will not result in a material adverse impact on our financial condition and future results of operations.

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

## 10. Related Parties

### *Metaldyne Corporation*

Prior to June 6, 2002, the Company was wholly-owned by Metaldyne and participated in joint activities including employee benefits programs, legal, treasury, information technology and other general corporate activities. Effective June 6, 2002, the Company entered into a corporate services agreement with Metaldyne under which the Company, in exchange for such services, paid Metaldyne \$2.5 million in 2002 and 2003, respectively. The Company did not enter into such a corporate services agreement for 2004.

Effective January 1, 2004, the Company entered into an agreement with Metaldyne whereby TriMas will reimburse Metaldyne approximately \$0.4 million primarily for certain software licenses maintained by Metaldyne under an existing agreement which expires June 30, 2004.

In connection with the common stock issuance and related financing transactions, TriMas assumed approximately \$37.0 million of liabilities and obligations of Metaldyne, mainly comprised of

F-66

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### TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued) (unaudited)

contractual obligations to former TriMas employees, tax related matters, benefit plan liabilities and reimbursements to Metaldyne for normal course payments to be made on TriMas' behalf. Payments made with respect to these obligations approximated \$2.2 million for the three months ended March 31, 2004. During the first quarter of 2004, the Company also settled certain assumed contractual obligations, resulting in an increase in the Company's liability of approximately \$0.5 million. The remaining assumed liabilities of approximately \$10.1 million are payable at various dates in the future and are reported as Due to Metaldyne in the accompanying balance sheet at March 31, 2004.

The Company is party to an advisory services agreement with Heartland at an annual fee of \$4.0 million plus expenses. During the three months ended March 31, 2004 and March 30, 2003, Heartland was paid \$1.1 million and \$1.2 million, respectively, under this agreement and such amounts are included in selling, general and administrative expense in the accompanying statement of operations.

## 11. Segment Information

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

**Rieke Packaging Systems** — Closures and dispensing systems for steel and plastic industrial and consumer packaging applications.

**Cequent Transportation Accessories** — Vehicle hitches and receivers, sway controls, weight distribution and fifth-wheel hitches, hitch mounted accessories, roof racks, trailer couplers, winches, jacks, trailer brakes and lights, brake controls, cargo tie-downs, ramps and other vehicle and trailer accessories.

**Industrial Specialties** — Flame-retardant facings and jacketing and insulation tapes used in conjunction with fiberglass insulation, pressure-sensitive specialty tape products, high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, metallic and nonmetallic industrial gaskets, specialty precision tools such as center drills, cutters, end mills, reamers, master gears, gages and punches, specialty engines and service parts and specialty ordnance components and weapon systems.

**Fastening Systems** — Large and small diameter standard and custom-designed ferrous, nonferrous and special alloy fasteners, specialized fittings and cold-headed parts used in automotive and industrial applications, and highly engineered specialty fasteners for the domestic and international aerospace industry.

The Company's management uses Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") as its primary indicator of financial operating performance and as a measure of cash generating capability. Adjusted EBITDA is defined as net income (loss) before cumulative effect of accounting change and before interest, taxes, depreciation, amortization, impairment of goodwill, non-cash losses on sale-leaseback of property and equipment and legacy restricted stock award expense. Legacy stock award expense represents a contractual obligation resulting from the November 2000 acquisition of Metaldyne by Heartland which was fully paid in January 2004.

F-67

## TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued) (unaudited)

Segment activity is as follows:

(in thousands)	Three Months Ended	
	March 31, 2004	March 30, 2003
<b>Net Sales</b>		
Rieke Packaging Systems	\$ 30,370	\$ 30,270
Cequent Transportation Accessories	129,480	98,890
Industrial Specialties	62,360	53,830
Fastening Systems	38,690	34,980
Total	<u>\$ 260,900</u>	<u>\$ 217,970</u>
<b>Operating Profit</b>		
Rieke Packaging Systems	\$ 5,950	\$ 6,740
Cequent Transportation Accessories	14,330	6,990
Industrial Specialties	7,690	(10)
Fastening Systems	(1,550)	(2,970)
Corporate expenses and management fees	(5,770)	(4,510)
Legacy stock award expense	—	(1,270)
Total	<u>\$ 20,650</u>	<u>\$ 4,970</u>
<b>Adjusted EBITDA</b>		
Rieke Packaging Systems	\$ 8,470	\$ 9,470
Cequent Transportation Accessories	18,780	12,410
Industrial Specialties	9,510	8,410
Fastening Systems	60	3,640
Corporate expenses and management fees	(6,240)	(4,240)
Total	<u>\$ 30,580</u>	<u>\$ 29,690</u>

## 12. Stock Options and Awards

In September 2003, the Company's Board of Directors approved the TriMas Corporation 2002 Long Term Equity Incentive Plan (the "Plan"), which provides for the issuance of equity-based incentives in various forms. A total of 2,222,000 stock options have been approved for issuance under this Plan. As of March 31, 2004, the Company has 1,854,337 stock options outstanding, each of which may be used to purchase one share of the Company's common stock.

F-68

## TRIMAS CORPORATION NOTES TO FINANCIAL STATEMENTS (Continued) (unaudited)

The Company has elected to apply the provisions of Accounting Principles Board Opinion No. 25. The following table illustrates the effect on net income (loss) and earnings (loss) per share if the Company had adopted the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

(in thousands, except for per share amounts)	Three Months Ended	
	March	
	2004	2003
Net income (loss) attributed to common stock, as reported	\$ 2,540	\$ (7,020)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	30	—
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of related tax effects	(230)	—
Pro-forma net income (loss) attributed to common stock	\$ 2,340	\$ (7,020)
Net income (loss) per share:		
Basic, as reported	\$ 0.13	\$ (0.35)
Basic, pro-forma for stock-based compensation	\$ 0.12	\$ (0.35)
Diluted, as reported	\$ 0.13	\$ (0.35)
Diluted, pro-forma for stock-based compensation	\$ 0.12	\$ (0.35)

During the first quarter of 2004, the Company recorded approximately \$0.1 million in non-cash compensation expense related to stock options issued with exercise prices below the Company's estimate of fair value of the underlying stock. This non-cash compensation expense was recorded in selling, general and administrative expense in the accompanying statement of operations.

Prior to the Metaldyne recapitalization, Metaldyne's Long Term Stock Incentive Plan provided for the issuance of stock-based incentives. Certain of TriMas' salaried employees were holders of restricted stock awards issued under that plan. Under the terms of the Metaldyne recapitalization agreement, those shares became free of restriction and vested in four equal installments as of the closing of the recapitalization and January of 2002, 2003 and 2004. Holders of restricted stock could elect to receive all of the installment in common shares of Metaldyne stock, 40% in cash and 60% in common shares of Metaldyne stock, or 100% in cash. The number of shares or cash to be received increased by 6% per annum from the \$16.90 per share recapitalization consideration. TriMas was charged directly by Metaldyne for the interest accretion on the stock awards. TriMas' portion of compensation expense, including interest accretion, for the vesting of long-term stock awards was approximately \$1.3 million for the three months ended March 30, 2003. TriMas will not recognize any compensation expense related to this plan in 2004 and obligations accrued related thereto have been fully paid in 2004.

### 13. Earnings per Share

The Company reports earnings per share in accordance with SFAS No. 128, "Earnings per Share." Basic and diluted earnings per share amounts were computed using weighted average shares outstanding for the three months ended March 31, 2004 and March 30, 2003, respectively. All outstanding stock options and common stock warrants were excluded from the earnings per share calculations as of March 30, 2003 as they would have been antidilutive.

F-69

## TRIMAS CORPORATION

### NOTES TO FINANCIAL STATEMENTS (Continued)

(unaudited)

### 14. Defined Benefit Plans

Components of net periodic benefit cost were as follows for the three months ended March 31, 2004 and March 30, 2003:

(in thousands)	Pension Plans		Other Postretirement Benefits	
	2004	2003	2004	2003
	Service Cost	\$ 170	\$ 180	\$ 20
Interest Cost	390	390	110	100
Expected return on plan assets	(410)	(400)	—	—
Amortization of net (gain) loss	50	20	30	30
Net periodic benefit cost	\$ 200	\$ 190	\$ 160	\$ 150

The Company previously disclosed in its financial statements for the year ended December 31, 2003 that it expected to contribute approximately \$2.4 million to its defined benefit pension plans in 2004. As of March 31, 2004, approximately \$0.5 million of contributions have been made.

### 15. Impact of Newly Issued Accounting Pronouncements

In December 2003, the FASB issued FASB Interpretation ("FIN") 46R, "Consolidation of Variable Interest Entities." FIN 46R requires primary beneficiaries in a variable interest entity to consolidate the entity even if the primary beneficiary does not have a majority voting interest. This consolidation requirement was effective immediately for any variable interest entity created on or after January 31, 2003 and after March 15, 2004 for entities created before January 31, 2003. The adoption of FIN 46R did not have an impact on the Company's financial condition or results of operations.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act (the "Act") became law in the United States. This law provides for a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the benefit established by the law. In accordance with FASB Staff Position FAS 106-b, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," the Company has elected to defer recognition of the effects of the Act in measuring the impact to the post-retirement medical benefit obligation and service cost until such time that the Company determines whether the benefits provided by the plan are actuarially equivalent (as defined in FASB Staff Position 106-b) to Medicare Part D under the Act.

### 16. Supplemental Guarantor Condensed Combining and Consolidating Financial Information

Under an indenture dated June 6, 2002, TriMas Corporation, the parent company ("Parent"), issued 9 7/8% Senior Subordinated Notes due 2012 in a total principal amount of \$437.8 million (face value). These Notes are guaranteed by substantially all of the Company's domestic subsidiaries ("Guarantor Subsidiaries"). All of the

Guarantor Subsidiaries are 100% owned by the Parent and their guarantee is full, unconditional, joint and several. The Company's non-domestic subsidiaries and TSPC, Inc. have not guaranteed the Notes ("Non-Guarantor Subsidiaries"). The Guarantor Subsidiaries have also guaranteed amounts outstanding under the Company's Credit Facility.

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

The results of Fittings are included with the results of the Guarantor Subsidiaries for each of the periods in which supplemental guarantor financial information is presented.

F-70

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

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

	As of March 31, 2004 (unaudited)				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ —	\$ 2,460	\$ 4,460	\$ —	\$ 6,920
Receivables, trade	—	79,960	28,300	—	108,260
Receivables, intercompany	—	8,390	—	(8,390)	—
Inventories	—	116,070	20,550	—	136,620
Deferred income taxes	—	10,700	310	—	11,010
Prepaid expenses and other current assets	—	8,810	2,330	—	11,140
Total current assets	—	226,390	55,950	(8,390)	273,950
Investments in subsidiaries	827,580	133,750	—	(961,330)	—
Property and equipment, net	—	150,830	46,030	—	196,860
Goodwill	—	550,850	107,190	—	658,040
Intangibles and other assets	19,770	345,440	18,040	(2,030)	381,220
Total assets	<u>\$ 847,350</u>	<u>\$ 1,407,260</u>	<u>\$ 227,210</u>	<u>\$ (971,750)</u>	<u>\$ 1,510,070</u>
<b>Liabilities and Shareholders' Equity</b>					
Current liabilities:					
Current maturities, long-term debt	\$ —	\$ 3,300	\$ —	\$ —	\$ 3,300
Accounts payable, trade	—	78,510	26,050	—	104,560
Accounts payable, intercompany	—	—	8,390	(8,390)	—
Accrued liabilities	12,730	55,160	7,440	—	75,330
Due to Metaldyne	—	3,560	—	—	3,560
Total current liabilities	12,730	140,530	41,880	(8,390)	186,750
Long-term debt	436,110	255,280	39,890	—	731,280
Deferred income taxes	—	141,280	11,330	(2,030)	150,580
Other long-term liabilities	240	36,020	360	—	36,620
Due to Metaldyne.	—	6,570	—	—	6,570
Total liabilities	449,080	579,680	93,460	(10,420)	1,111,800
Total shareholders' equity	398,270	827,580	133,750	(961,330)	398,270
Total liabilities and shareholders' equity	<u>\$ 847,350</u>	<u>\$ 1,407,260</u>	<u>\$ 227,210</u>	<u>\$ (971,750)</u>	<u>\$ 1,510,070</u>

F-71

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**(unaudited)**

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

	As of December 31, 2003				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ —	\$ 4,180	\$ 2,600	\$ —	\$ 6,780
Receivables, trade	—	96,720	22,250	—	118,970
Receivables, intercompany	—	—	5,780	(5,780)	—
Inventories	—	104,230	19,860	—	124,090
Deferred income taxes	—	10,600	300	—	10,900
Prepaid expenses and other current assets	—	6,220	2,220	—	8,440

Total current assets	—	221,950	53,010	(5,780)	269,180
Investment in subsidiaries	806,880	183,180	—	(990,060)	—
Property and equipment, net	—	142,500	44,920	—	187,420
Goodwill	—	551,220	107,680	—	658,900
Intangibles and other assets	27,770	349,290	18,620	(11,150)	384,530
Total assets	<u>\$ 834,650</u>	<u>\$ 1,448,140</u>	<u>\$ 224,230</u>	<u>\$ (1,006,990)</u>	<u>\$ 1,500,030</u>

**Liabilities and Shareholders' Equity**

Current liabilities:

Current maturities, long-term debt	\$ —	\$ 10,920	\$ —	\$ —	\$ 10,920
Accounts payable, trade	—	77,100	17,030	—	94,130
Accounts payable, intercompany	—	5,780	—	(5,780)	—
Accrued liabilities	1,920	62,110	11,070	—	75,100
Due to Metaldyne	—	4,400	—	—	4,400
Total current liabilities	1,920	160,310	28,100	(5,780)	184,550
Long-term debt	436,070	288,990	—	—	725,060
Deferred income taxes	—	147,670	12,510	(11,150)	149,030
Other long-term liabilities	—	37,330	440	—	37,770
Due to Metaldyne	—	6,960	—	—	6,960
Total liabilities	437,990	641,260	41,050	(16,930)	1,103,370
Total shareholders' equity	396,660	806,880	183,180	(990,060)	396,660
Total liabilities and shareholders' equity	<u>\$ 834,650</u>	<u>\$ 1,448,140</u>	<u>\$ 224,230</u>	<u>\$ (1,006,990)</u>	<u>\$ 1,500,030</u>

F-72

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
(unaudited)

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

	For The Three Months Ended March 31, 2004 (unaudited)				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Net sales	\$ —	\$ 216,170	\$ 50,630	\$ (5,900)	\$ 260,900
Cost of sales	—	(165,320)	(36,870)	5,900	(196,290)
Gross profit	—	50,850	13,760	—	64,610
Selling, general and administrative expenses	—	(38,930)	(4,780)	—	(43,710)
Loss on dispositions of property and equipment	—	(250)	—	—	(250)
Operating profit	—	11,670	8,980	—	20,650
Other income (expense), net:					
Interest expense	(11,120)	(4,930)	(260)	—	(16,310)
Other, net	(490)	(260)	450	—	(300)
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	(11,610)	6,480	9,170	—	4,040
Income tax (expense) benefit	3,640	(2,030)	(3,110)	—	(1,500)
Equity in net income (loss) of subsidiaries	10,510	6,060	—	(16,570)	—
Net income (loss)	<u>\$ 2,540</u>	<u>\$ 10,510</u>	<u>\$ 6,060</u>	<u>\$ (16,570)</u>	<u>\$ 2,540</u>

	For the Three Months Ended March 30, 2003 (unaudited)				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
Net sales	\$ —	\$ 190,270	\$ 33,730	\$ (6,030)	\$ 217,970
Cost of sales	—	(145,030)	(23,480)	6,030	(162,480)
Gross profit	—	45,240	10,250	—	55,490
Selling, general and administrative expenses	(20)	(32,300)	(6,050)	—	(38,370)
Loss on dispositions of property and equipment	—	(12,150)	—	—	(12,150)
Operating profit (loss)	(20)	790	4,200	—	4,970
Other income (expense), net:					
Interest expense	(11,810)	(4,560)	(10)	—	(16,380)
Other, net	(70)	280	(430)	—	(220)
Income (loss) before income tax (expense) benefit and equity in net income (loss) of subsidiaries	(11,900)	(3,490)	3,760	—	(11,630)
Income tax (expense) benefit	4,790	1,400	(1,580)	—	4,610
Equity in net income (loss) of subsidiaries	90	2,180	—	(2,270)	—
Net income (loss)	<u>\$ (7,020)</u>	<u>\$ 90</u>	<u>\$ 2,180</u>	<u>\$ (2,270)</u>	<u>\$ (7,020)</u>

F-73



**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
(unaudited)

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

	For the Three Months Ended March 31, 2004 (unaudited)				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>					
Net cash provided by operating activities, net of acquisition impact	\$ —	\$ 19,930	\$ 1,700	\$ —	\$ 21,630
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	—	(12,680)	(2,140)	—	(14,820)
Proceeds from sales of fixed assets	—	200	—	—	200
Acquisition of businesses, net of cash acquired	—	(5,430)	—	—	(5,430)
Net cash used for investing activities	—	(17,910)	(2,140)	—	(20,050)
<b>Cash Flows from Financing Activities:</b>					
Repayments of borrowings on senior credit facility	—	(720)	—	—	(720)
Proceeds from borrowings on revolving credit facility	—	164,500	—	—	164,500
Repayments of borrowings on revolving credit facility	—	(157,500)	—	—	(157,500)
Payments on notes payable	—	(7,720)	—	—	(7,720)
Intercompany transfers to (from) subsidiaries	—	(2,300)	2,300	—	—
Net cash provided by (used for) financing activities	—	(3,740)	2,300	—	(1,440)
<b>Cash and Cash Equivalents:</b>					
Increase (decrease) for the period	—	(1,720)	1,860	—	140
At beginning of period	—	4,180	2,600	—	6,780
At end of period	\$ —	\$ 2,460	\$ 4,460	\$ —	\$ 6,920

F-74

**TRIMAS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
(unaudited)

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

	For the Three Months Ended March 30, 2003 (unaudited)				
	Parent	Guarantor	Non-Guarantor	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>					
Net cash provided by operating activities, net of acquisition impact	\$ 250	\$ 24,940	\$ 22,640	\$ —	\$ 47,830
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	—	(4,060)	(610)	—	(4,670)
Proceeds from sales of fixed assets	—	42,120	—	—	42,120
Acquisition of businesses, net of cash acquired	—	(169,780)	(30,970)	—	(200,750)
Net cash used for investing activities	—	(131,720)	(31,580)	—	(163,300)
<b>Cash Flows from Financing Activities:</b>					
Net proceeds from issuance of common stock	—	30,000	—	—	30,000
Proceeds from borrowings on revolving credit facility	—	191,700	—	—	191,700
Repayments of borrowings on revolving credit facility	—	(176,700)	—	—	(176,700)
Debt issuance costs	(250)	—	—	—	(250)
Payment of note payable	—	(100)	—	—	(100)
Increase (decrease) in Metaldyne Corporation net investment and advances	—	1,040	—	—	1,040
Net cash provided by (used for) financing activities	(250)	45,940	—	—	45,690
<b>Cash and Cash Equivalents:</b>					
Increase for the period	—	(60,840)	(8,940)	—	(69,780)
At beginning of period	—	86,570	13,870	—	100,440
At end of period	\$ —	\$ 25,730	\$ 4,930	\$ —	\$ 30,660

F-75

Through and including , 2004, all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

## Shares



## TriMas Corporation

### Common Stock

### PROSPECTUS

Goldman, Sachs & Co.

Merrill Lynch & Co.

, 2004

## Part II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### Item 13. Other Expenses of Issuance and Distribution

The following table shows the costs and expenses, other than underwriting commissions and discounts, payable in connection with the sale and distribution of the securities being registered. Except as otherwise noted, the registrant will pay all of these amounts. All amounts except the Securities and Exchange Commission Registration Fee, the National Association of Securities Dealers, Inc. Filing Fee and the New York Stock Exchange Listing Fees are estimated.

Securities and Exchange Commission Registration Fee	\$29,141
National Association of Securities Dealers, Inc. Filing Fee	23,500
New York Stock Exchange Listing Fees	*
Printing and Engraving Expenses	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Transfer Agent and Registrar Agent Fees	*
Miscellaneous	*
Total	<u>\$ *</u>

\* To be provided by amendment.

#### Item 14. Indemnification of Officers and Directors

TriMas Corporation is a Delaware corporation. Section 145 of the General Corporation Law of Delaware as the same exists or may hereafter be amended, *inter alia*, provides that a Delaware corporation may indemnify any person who was, or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that the person's conduct was unlawful.

A Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the corporation's best interests, except that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation.

Where a present or former director or officer has been successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify the person against the expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such whether or not the corporation would have the power to indemnify such person against such liability under Section 145.

Article 11 of our certificate of incorporation provides that each person who was or is made a party to (or is threatened to be made a party to) or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was one of our directors or officers shall be indemnified and held harmless by us to the fullest extent authorized by the General Corporation Law of Delaware against all expenses, liability and loss (including without limitation attorneys' fees, judgments, fines and amounts paid in settlement) reasonably incurred by such person in connection therewith. The rights conferred by Article 11 are contractual rights and include the right to be paid by us the expenses incurred in defending such action, suit or proceeding in advance of the final disposition thereof. In addition, Section 7 of our amended and restated by-laws state that we may indemnify our officers, directors, employees and agents to the fullest extent permitted by the General Corporation Law of Delaware.

Article 10 of our certificate of incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages resulting from breaches of their fiduciary duty as directors except (a) for any breach of the duty of loyalty to us or our stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the General Corporation Law of Delaware, which makes directors liable for unlawful dividends or unlawful stock repurchases or redemptions or (d) for transactions from which a director derives improper personal benefit.

Our directors and officers are covered by insurance policies indemnifying them against certain civil liabilities, including liabilities under the federal securities laws (other than liability under Section 16(b) of the 1934 Act), which might be incurred by them in such capacities.

Prior to the consummation of this offering, we intend to enter into indemnity agreements with our directors and certain of our executive officers for the indemnification and advancement of expenses to these persons. We believe that these provisions and agreements are necessary to attract and retain qualified directors and executive officers. We also intend to enter into these agreements with our future directors and certain of our executive officers. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### **Item 15. Recent Sales of Unregistered Securities**

Described below is information regarding all securities that have been issued by TriMas during the past three years.

None of our securities, which were not registered under the Securities Act, have been issued or sold by us in the past three years except as follows:

1. On June 6, 2002, we issued 13,250,000 shares of common stock to Heartland at a price of \$20.00 per share or an aggregate purchase price of \$265,000,000.
2. On January 30, 2003, we issued 700,000 shares of common stock to Heartland at a price of \$20.00 per share or an aggregate price of \$14,000,000.
3. On February 21, 2003, we issued 800,000 shares of common stock to Heartland at a price of \$20.00 per share or an aggregate price of \$16,000,000.
4. On May 9, 2003, we issued 250,000 shares of common stock to Heartland at a price of \$20.00 per share or an aggregate price of \$5,000,000.
5. On September 29, 2003, we issued 10,000 shares of common stock to Craig T. Manchen, a former shareholder of Highland, at a price of \$20.00 per share or an aggregate price of \$200,000.

The issuances of the securities described above were exempt from registration under the Securities Act in reliance on Section 4(2) of such Securities Act as transactions by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in such transactions. All recipients had adequate access to information about us at the time of their investment decision.

#### **Item 16. Exhibits and Financial Statement Schedules**

##### **(a) Exhibits**

Exhibit No.	Description
1.1	Form of Underwriting Agreement.
3.1(b)	Amended and Restated Certificate of Incorporation of TriMas Corporation.
3.2(b)	Amended and Restated Bylaws of TriMas Corporation.
3.3	Form of Second Amended and Restated Certificate of Incorporation.
3.4	Form of Second Amended and Restated Bylaws.
3.5	Form of Certificate of Designation relating to Series A junior participating preferred stock issuable pursuant to Rights Agreement (included as Exhibit A to Exhibit 4.9).
4.1(b)	Indenture relating to the 9 7/8% senior subordinated notes, dated as of June 6, 2002, by and among TriMas Corporation, each of the Guarantors named therein and The Bank of New

York as trustee.

- 4.2(b) Form of note (included in Exhibit 4.1).
- 4.3(b) Registration Rights Agreement relating to the 9 7/8% senior subordinated notes issued June 6, 2002 dated as of June 6, 2002 by and among TriMas Corporation and the parties named therein.
- 4.4(b)\* Registration Rights Agreement relating to the 9 7/8% senior subordinated notes issued December 10, 2002 dated as of December 10, 2002 by and among TriMas Corporation and the parties named therein.
- 4.5(d) Supplemental Indenture dated as of March 4, 2003.
- 4.6(e) Supplemental Indenture No. 2 dated as of May 9, 2003.
- 4.7(f) Supplemental Indenture No. 3 dated as of August 6, 2003.
- 4.8(a) Form of Common Stock Certificate of TriMas Corporation.
- 4.9 Form of Rights Agreement.
- 5.1(a) Opinion of Cahill Gordon & Reindel LLP regarding the legality of securities being registered.
- 10.1(b) Stock Purchase Agreement dated as of May 17, 2002 by and among Heartland Industrial Partners, L.P., TriMas Corporation and Metaldyne Corporation.
- 10.2(b) Amended and Restated Shareholders Agreement, dated as of July 19, 2002 by and among TriMas Corporation and Metaldyne Corporation.
- 10.3(b) Warrant issued to Metaldyne Corporation dated as of June 6, 2002.

II-3

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<b>Exhibit No.</b>	<b>Description</b>
10.4(f)	Credit Agreement, dated as of June 6, 2002, as amended and restated as of June 6, 2003, among TriMas Company LLC, JPMorgan Chase Bank as Administrative Agent and Collateral Agent, CSFB Cayman Island Branch, as Syndication Agent, Comerica Bank, National City Bank and Wachovia Bank, National Association as Documentation Agents and J.P. Morgan Securities Inc. and Credit Suisse First Boston, as Arrangers.
10.5(g)	Amendment No. 1, dated as of Decemebr 17, 2003, to Amended and Restated Credit Agreement.
10.6(b)	Receivables Purchase Agreement, dated as of June 6, 2002, by and among TriMas Corporation, the Sellers party thereto and TSPC, Inc., as Purchaser.
10.7(b)	Receivables Transfer Agreement, dated as of June 6, 2002, by and among TSPC, Inc., as Transferor, TriMas Corporation, individually, as Collection Agent, TriMas Company LLC, individually as Guarantor, the CP Conduit Purchasers, Committed Purchasers and Funding Agents party thereto, and JPMorgan Chase Bank as Administrative Agent.
10.8(b)	Corporate Services Agreement, dated as of June 6, 2002, between Metaldyne Corporation and TriMas Corporation.
10.9(b)	Lease Assignment and Assumption Agreement, dated as of June 21, 2002, by and among Heartland Industrial Group, L.L.C., TriMas Company LLC and the Guarantors named therein.
10.10(b)**	TriMas Corporation 2002 Long Term Equity Incentive Plan.
10.11(b)	Stock Purchase Agreement by and among 2000 Riverside Capital Appreciation Fund, L.P., the other Stockholders of HammerBlow Acquisition Corp. listed on Exhibit A thereto and TriMas Company LLC dated as of January 27, 2003.
10.12(c)	Stock Purchase Agreement by and Among TriMas Company LLC and The Shareholders and Option Holders of Highland Group Corporation and FNL Management Corporation dated February 21, 2003.
10.13(d)	Form of Employment Agreement between TriMas Corporation and Grant H. Beard.
10.14(d)	Form of Employment Agreement between TriMas Corporation and Lynn A. Brooks.
10.15(d)	Form of Employment Agreement between TriMas Corporation and Scott D. Hazlett.
10.16(e)	Employment Agreement between TriMas Corporation and Terry Campbell.
10.17(e)	Employment Agreement between TriMas Corporation and Edward L. Schwartz.
10.18(e)	Asset Purchase Agreement among TriMas Corporation, Metaldyne Corporation and Metaldyne Company LLC dated May 9, 2003.
10.19(e)	Form of Sublease Agreement (included as Exhibit A in Exhibit 10.19).
10.20(f)	Form of Stock Option Agreement.
10.21(f)	Employment Agreement between TriMas Corporation and Benson K. Woo.

Exhibit No.	Description
10.23(h)	Employment Agreement between TriMas Corporation and Dwayne M. Newcom.
10.24(h)	Annual Value Creation Program.
10.25(a)	Form of Indemnification Agreement.
10.26	Form of 2004 Directors' Stock Compensation Plan.
21(h)	Subsidiaries of TriMas Corporation.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2(a)	Consent of Cahill Gordon & Reindel LLP (included in Exhibit 5.1).
23.3	Consent of Walthall, Drake & Wallace LLP.
23.4	Consent of KPMG LLP.
24.1(h)	Power of Attorney (included in the signature pages to this Registration Statement).

- (a) To be filed by amendment.
- (b) Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed on October 4, 2002 (File No. 333-100351).
- (b)\* Incorporated by reference to the Exhibits filed with Amendment No. 2 to our Registration Statement on Form S-4, filed on January 28, 2003 (File No. 333-100351).
- (b)\*\* Incorporated by reference to the Exhibits filed with Amendment No. 3 to our Registration Statement or Form S-4, filed on January 29, 2003 (File No. 333-100351).
- (c) Incorporated by reference to the Exhibits filed with our Form 8-K filed on February 25, 2003 (File No. 333-100351).
- (d) Incorporated by reference to the Exhibits filed with our Annual Report on Form 10-K filed March 31, 2003.
- (e) Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed June 9, 2003 (File No. 333-105950).
- (f) Incorporated by reference to the Exhibits filed with our Form 10-Q filed on November 12, 2003.
- (g) Incorporated by reference to the Exhibits filed with our Form 8-K filed on December 22, 2003.
- (h) Previously filed.

## (b) Financial Statement Schedule

Page No.	Description
S-1	Report of Independent Registered Public Accounting Firm on Financial Statement Schedule
S-2	Schedule II — Valuation and Qualifying Accounts

### Item 17. Undertakings

(1) The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(2) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(3) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(4) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, TriMas Corporation has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Bloomfield Hills, State of Michigan on the 29th day of June, 2004.

TRIMAS CORPORATION

By: /s/ BENSON K. WOO  
Name: Benson K. Woo  
Title: Chief Financial Officer

## POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Amendment to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ GRANT H. BEARD*</u> Grant H. Beard	President, Chief Executive Officer and Director (Principal Executive Officer)	June 29, 2004
<u>/s/ BENSON K. WOO</u> Benson K. Woo	Chief Financial Officer (Principal Accounting Officer)	June 29, 2004
<u>/s/ SAMUEL VALENTI III*</u> Samuel Valenti III	Chairman of the Board of Directors	June 29, 2004
<u>/s/ GARY M. BANKS*</u> Gary M. Banks	Director	June 29, 2004
<u>/s/ CHARLES E. BECKER*</u> Charles E. Becker	Director	June 29, 2004
<u>/s/ TIMOTHY D. LEULIETTE*</u> Timothy D. Leuliette	Director	June 29, 2004
<u>/s/ W. GERALD MCCONNELL*</u> W. Gerald McConnell	Director	June 29, 2004
<u>/s/ DAVID A. STOCKMAN*</u> David A. Stockman	Director	June 29, 2004
<u>/s/ DANIEL P. TREDWELL*</u> Daniel P. Tredwell	Director	June 29, 2004
<u>*By: /s/ BENSON K. WOO</u> Benson K. Woo Attorney-in-fact		

II-7

## EXHIBIT INDEX

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Exhibit No.	Description
21(h)	Subsidiaries of TriMas Corporation.
23.1	Consent of PricewaterhouseCoopers LLP.
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(a)	To be filed by amendment.
(b)	Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed on October 4, 2002 (File No. 333-100351).
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(c)	Incorporated by reference to the Exhibits filed with our Form 8-K filed on February 25, 2003 (File No. 333-100351).
(d)	Incorporated by reference to the Exhibits filed with our Annual Report on Form 10-K filed March 31, 2003.
(e)	Incorporated by reference to the Exhibits filed with our Registration Statement on Form S-4, filed June 9, 2003 (File No. 333-105950).
(f)	Incorporated by reference to the Exhibits filed with our Form 10-Q filed on November 12, 2003.
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(h)	Previously filed.

**(b) Financial Statement Schedule**

Page No.	Description
S-1	Report of Independent Registered Public Accounting Firm on Financial Statement Schedule
S-2	Schedule II — Valuation and Qualifying Accounts

**Report of Independent Registered Public Accounting Firm on  
Financial Statement Schedule**

To the Board of Directors  
of TriMas Corporation:

Our audits of the financial statements referred to in our report dated March 27, 2003, except for the matters described in the second paragraph of Note 1 and Note 18, which are as of December 24, 2003, appearing in the Prospectus accompanying this Registration Statement on Form S-1, also included an audit of the financial statement schedule included in Item 16(b) of this Form S-1. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein as of December 31, 2002 and 2001 and for the years then ended when read in conjunction with the related financial statements.

PricewaterhouseCoopers LLP

Detroit, Michigan

March 27, 2003, except for the matters described in the second paragraph of Note 1 and Note 18, which are as of December 24, 2003

S-1

**TRIMAS CORPORATION  
SCHEDULE II  
VALUATION AND QUALIFYING ACCOUNTS FOR THE YEARS ENDED  
DECEMBER 31, 2003, 2002 AND 2001.**

COLUMN A DESCRIPTION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS		COLUMN D DEDUCTIONS (B)	COLUMN E BALANCE AT END OF PERIOD
		CHARGED TO COSTS AND EXPENSES	CHARGED (CREDITED) TO OTHER ACCOUNTS (A)		
Allowance for doubtful accounts deducted from accounts receivable in the balance sheet					
Year Ended December 31, 2003	\$ 4,340,000	\$ 520,000	\$ 450,000	\$ 510,000	\$ 4,800,000
Year Ended December 31, 2002	\$ 3,690,000	\$ 1,390,000	\$ 115,000	\$ 855,000	\$ 4,340,000
Year Ended December 31, 2001	\$ 4,890,000	\$ 2,190,000	\$ 1,100,000	\$ 4,490,000	\$ 3,690,000

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



(B) Deductions, representing uncollectible accounts written-off, less recoveries of amounts written-off in prior years.



[TO COME]

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
OF  
TRIMAS CORPORATION

TriMas Corporation (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

A. The name of the Corporation is TriMas Corporation. The Corporation was originally incorporated under the name "Campbell Industries, Inc." The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 30, 1986. The Corporation's Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on June 4, 2002.

B. This Second Amended and Restated Certificate of Incorporation, which amends and restates the Amended and Restated Certificate of Incorporation in its entirety, was duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law (the "DGCL").

C. The Second Amended and Restated Certificate of Incorporation of the Corporation shall read in its entirety as follows:

ARTICLE I

Section 1.1 Name. The name of the Corporation is TriMas Corporation.

ARTICLE II

Section 2.1 Address. The registered office and registered agent of the Corporation is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

ARTICLE III

Section 3.1 Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

Section 4.1 Capitalization. The total number of shares of stock that the Corporation is authorized to issue is 500,000,000 shares, consisting of (i) 400,000,000 shares of common stock, par value \$.01 per share ("Common Stock"); and (ii) 100,000,000 shares of preferred stock, par value \$.01 per share ("Preferred Stock"). The number of authorized shares of any of the Common Stock or the Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting

power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of any of the Common Stock or the Preferred Stock voting separately as a class shall be required therefor.

Section 4.2 Common Stock.

(a) Dividends. Subject to the preferential rights, if any, of the holders of Preferred Stock, the holders of Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation which are by law available therefor, dividends payable either in cash, in property or in shares of capital stock.

(b) Voting Rights. At every annual or special meeting of stockholders of the Corporation, every share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, for each share of Common Stock standing in his or her name on the books of the Corporation; provided that the holders of Common Stock shall have no voting rights with respect to matters reserved (by law or by agreement with the Corporation) solely for any other class of capital stock.

(c) Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and of the preferential amounts, if any, to which the holders of Preferred Stock shall be entitled, the holders of all outstanding shares of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution to holders of Common Stock ratably in proportion to the number of shares held by each such stockholder.

Section 4.3 Preferred Stock. The Board of Directors is hereby expressly authorized, by resolution or resolutions, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (full or limited, if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

ARTICLE V

Section 5.1 Bylaws. In furtherance and not in limitation of the powers conferred by the DGCL, the Board of Directors is expressly authorized to make, amend, alter and repeal the Bylaws of the Corporation without the assent or

vote of the stockholders, in any manner not inconsistent with the laws of the State of Delaware or this Second Amended and Restated Certificate of Incorporation of the Corporation.

#### ARTICLE VI

Section 6.1 Board of Directors: Composition. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than three directors or more than fifteen directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the Board of Directors. The directors shall be divided into three classes designated Class I, Class II and Class III, to take effect upon effectiveness of this Second Amended and Restated Certificate of Incorporation. Each class shall consist, as nearly as possible, of one-third of the total number of directors constituting the entire Board of Directors. Class I directors shall be originally elected for a term expiring at the annual meeting of stockholders in 2005, Class II directors shall be originally elected for a term expiring at the annual meeting of stockholders in 2006, and Class III directors shall be originally elected for a term expiring at the annual meeting of stockholders 2007. At each succeeding annual meeting of stockholders following 2004, successors to the class of directors whose term expires at that annual meeting shall be elected for a term expiring at the third succeeding annual meeting of stockholders. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a newly created directorship resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case shall a decrease in the number of directors remove or shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Section 6.2 Board of Directors: Vacancies. Unless otherwise provided by the Shareholders Agreement dated as of June 6, 2002, as amended from time to time, among the Corporation, the Heartland Industrial Partners, L.P., Heartland Industrial Partners (C1), L.P., Heartland Industrial Partners (FF), L.P., Heartland Industrial Partners (K1), L.P., Metaldyne Company L.L.C., Masco Capital Corporation, HIP Side-by-Side Partners, L.P., Mesirow Capital Partners VIII, L.P., Mesirow Capital Partners VII, L.P., GE Capital Equity Investments, Inc., TriMas Investment Fund I, L.L.C and TriMas Investment Fund II, L.L.C (the "Shareholders Agreement"), any newly created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.

-3-

Section 6.3 Removal of Directors. Unless otherwise provided by the Shareholders Agreement, directors may be removed only for cause, and only by the affirmative vote of at least a majority in voting power of all shares of the Corporation entitled to vote generally in the election of directors, voting as a single class.

Section 6.4 Preferred Stock Directors. Notwithstanding the foregoing, whenever the holders of any one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately as a series or separately as a class with one or more such other series, to elect directors at an annual or special meeting of stockholders, the election, term of office, removal, filling of vacancies and other features of such directorships shall be governed by the terms of this Second Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article, unless expressly provided by such terms.

Section 6.5 Section 141 of the Delaware General Corporation Law. The Corporation elects to be governed by Section 141(c)(2) of the DGCL.

Section 6.6 Meetings of Stockholders. Any action required or permitted to be taken by the holders of the Common Stock of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Chairman of the Board of Directors or the Board of Directors pursuant to a resolution approved by the Board of Directors.

#### ARTICLE VII

Section 7.1 Limited Liability of Directors. To the extent permitted by Section 102(b)(7) of the DGCL, as the same may be supplemented and amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, or (d) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article VII shall not increase the liability of any director of the Corporation for any act or occurrence taking place prior to such repeal or modification, or otherwise adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

-4-

#### ARTICLE VIII

Section 8.1 Indemnification of Directors, Officers or Agents.

(a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including, without limitation, attorneys' fees, judgment, fines and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of such person's heirs, executors and administrators. The Corporation shall indemnify a director or officer in connection with an action, suit or proceeding (other than an action, suit or proceeding to enforce indemnification rights provided for herein or elsewhere) initiated by such director or officer only if such action, suit or proceeding was authorized by the Board of Directors. The right to indemnification conferred in this Paragraph (a) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any action, suit or proceeding in advance of its final disposition; provided, however, that, if the DGCL requires, the payment of such expenses incurred by a director or officer in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person) in advance of the final disposition of an action, suit or proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such director or officer is not entitled to be indemnified for such expenses under this Article VIII or otherwise.

(b) The Corporation may, to the extent authorized from time to time by the Board of Directors, provide indemnification and the advancement of expenses, to any agent of the Corporation and to any person who is or was serving at the request of the Corporation as a director or officer or agent of another corporation or of a partnership, joint venture, trust or other enterprise, to such extent and to such effect as the Board of Directors shall determine to be appropriate and permitted by applicable law, as the same exists or may hereafter be amended.

(c) The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate

-5-

of Incorporation or bylaws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

ARTICLE IX

Section 9.1 Section 203 of the Delaware General Corporation Law. The Corporation elects not to be governed by Section 203 of the DGCL, "Business Combinations With Interested Stockholders," as permitted under and pursuant to subsection (b) of Section 203 of the DGCL.

ARTICLE X

Section 10.1 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or of another corporation or a partnership, joint venture, limited liability company, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

ARTICLE XI

Section 11.1 Severability. If any provision or provisions of this Second Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Second Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Second Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Second Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Second Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation.

\* \* \*

-6-

IN WITNESS WHEREOF, the undersigned has caused this Second Amended and Restated Certificate of Incorporation to be signed by Grant H. Beard, President of the Corporation on , 2004.

TRIMAS CORPORATION

By:

-----  
Name: Grant H. Beard  
Title: President

-7-

SECOND AMENDED AND RESTATED TRIMAS BYLAWS

ARTICLE 1  
OFFICES

SECTION 1. Registered Office. The registered office of "TRIMAS CORPORATION", a Delaware Corporation (the "Corporation"), shall be in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II  
MEETINGS OF STOCKHOLDERS

SECTION 1. Place and Date of Annual Meeting; Notice. The annual meeting of the stockholders of the Corporation shall be at such place, within or without the State of Delaware at such time and on such day as may be determined by the Board of Directors and as such shall be designated in the notice of said meeting, for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting. If for any reason the annual meeting shall not be held during the period designated herein, the Board of Directors shall cause the annual meeting to be held as soon thereafter as may be convenient.

SECTION 2. Special Meetings; Notice. Special meetings of the stockholders for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation as amended from time to time, may be held at any place, within or without the State of Delaware, and may be called only by the Board of Directors. Such request shall state the purpose or purposes of the meeting. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than thirty days before the date of the meeting, to each stockholder entitled to vote at such meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

SECTION 3. Quorum. The holders of a majority of the shares of common stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation as amended from time to time. If a quorum is present or represented, the affirmative vote of a majority of the shares of common stock present or represented at the meeting shall be the act of the stockholders unless the vote of a greater number of shares of common stock is required by law or by the Certificate of Incorporation as amended from time to time. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum

shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 4. Voting. Unless otherwise provided in the Certificate of Incorporation as amended from time to time, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the common stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

ARTICLE III  
DIRECTORS

SECTION 1. First Meeting. The first meeting following any annual meeting of stockholders may be held at such time and place as shall be announced at the annual meeting of stockholders and no other notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

SECTION 2. Regular Meetings. Regular meetings of the Board of Directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board.

SECTION 3. Special Meetings. Special meetings of the Board of Directors may be called by the president either personally or by mail or by telegram. Special meetings shall be called by the president or secretary in like manner on the written request of two directors.

SECTION 4. Waiver. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 5. Quorum. A majority of the total number of directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Certificate of Incorporation as amended from time to time, these bylaws or any contract or agreement to which the Corporation is a party. If a quorum shall not be present at any meeting of the Board of Directors, the directors present



thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 6. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation as amended from time to time or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without

-2-

a meeting, if prior to such action a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 7. Telephonic Communications. Unless otherwise restricted by the Certificate of Incorporation as amended from time to time or these bylaws, members of the Board of Directors or of any committee thereof may participate in a meeting of the Board or any committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and may take any action required or permitted to be taken at any such meeting in this manner. Such participation shall constitute presence in person at the meeting.

SECTION 8. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in the resolution and as provided by the laws of the State of Delaware, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall have such names, powers and duties as may be determined from time to time by resolution adopted by the Board of Directors and shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

SECTION 9. Shareholders Agreement. This Article III is subject to the provisions of that certain Shareholders Agreement dated as of June 6, 2002 as amended from time to time, by and among TriMas Corporation and the shareholders party thereto to the extent such Shareholders Agreement is operative.

#### ARTICLE IV OFFICERS

SECTION 1. Election and Office. The officers of the Corporation shall be chosen by the Board of Directors and shall consist of a president, vice presidents, a treasurer, and a secretary. The Board of Directors may also appoint such additional officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined by the Board. Any number of offices may be held by the same person.

SECTION 2. Term, Powers and Duties. The term of office, powers and duties of each officer shall be as specified by the Board of Directors.

SECTION 3. Removal and Vacancies. The officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

-3-

#### ARTICLE V CAPITAL STOCK

SECTION 1. Certificates for Shares. Every owner of stock of the Corporation shall be entitled to have a certificate or certificates in such form as the Board of Directors shall prescribe certifying the number of shares of stock owned by him, except as provided below. The certificates shall be signed by hand or by facsimile in the name of the Corporation by such officer or officers as the Board shall appoint. The Board of Directors may provide by resolution that the stock of the Corporation shall be uncertificated shares. Notwithstanding the adoption of such a resolution by the Board, every holder of uncertificated shares shall, upon request, be entitled to receive a certificate, signed by such officers, designated by the Corporation and complying with the statute, representing the number of shares in registered certificate form. A record shall be kept of the names of the persons owning any such stock, whether certificated or uncertificated, and the number of shares owned by each such person.

SECTION 2. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems adequate to protect the Corporation from any claim that may be raised against it with respect to any such certificate or certificates or uncertificated shares alleged to have been lost, stolen or destroyed.

SECTION 3. Transfer of Shares. Upon surrender to the secretary of the Corporation, or, if a transfer agent for the Corporation has been named by the Board of Directors, to the transfer agent, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon the books of the Corporation.

SECTION 4. Fixing Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders

or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of any stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 5. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to

-4-

vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

SECTION 6. Signing Authority. Except as provided below, all contracts, agreements, assignments, transfers, deeds, stock powers or other instruments of the Corporation may be executed and delivered by the president or any vice-president or by such other officer or officers, agent or agents, or other person or persons, of the Corporation as shall be thereunto authorized from time to time either by the Board of Directors or by power of attorney executed by any person pursuant to authority granted by the Board of Directors, and the secretary or any assistant secretary, may affix the seal of the Corporation thereto and attest same. Certificates issued upon request to holders of uncertificated stock shall be signed by (i) the president or any vice-president and (ii) the secretary, or an assistant secretary.

#### ARTICLE VI GENERAL PROVISIONS

SECTION 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation as amended from time to time, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation as amended from time to time.

SECTION 2. Reserves. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves for such purpose as the directors shall think conducive to the interests of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 3. Notices. Whenever, under the provisions of statute, the Certificate of Incorporation as amended from time to time or these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice shall be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile or electronic transmission.

Whenever any notice is required to be given under the provisions of statute, the Certificate of Incorporation as amended from time to time or of these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

SECTION 4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

-5-

SECTION 5. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 6. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

SECTION 7. Amendments. These bylaws may be altered, amended or repealed or new bylaws may be adopted (a) at any regular or special meeting of stockholders at which a quorum is present or represented, by the affirmative vote of a majority of the shares entitled to vote provided notice of the proposed alteration, amendment or repeal be contained in the notice of such meeting; or (b) by the affirmative vote of a majority of the Board of Directors at any regular or special meeting of the Board. The stockholders shall have authority to alter, amend or repeal any bylaws adopted by the directors.

-6-

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TRIMAS CORPORATION

and

[ ], as Rights Agent

FORM OF  
RIGHTS AGREEMENT

Dated as of

[ ], 2004

TABLE OF CONTENTS

	Page
	----
Section 1. Certain Definitions.....	1
Section 2. Appointment of Rights Agent.....	7
Section 3. Issue of Right Certificates.....	7
Section 4. Form of Right Certificates.....	9
Section 5. Countersignature and Registration.....	10
Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates.....	11
Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights.....	12
Section 8. Cancellation and Destruction of Right Certificates.....	14
Section 9. Reservation and Availability of Shares of Capital Stock.....	14
Section 10. Preferred Stock Record Date.....	16
Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights.....	16
Section 12. Certificate of Adjusted Purchase Price or Number of Shares.....	25
Section 13. Fractional Rights and Fractional Shares.....	25
Section 14. Rights of Action.....	26
Section 15. Agreement of Right Holders.....	27
Section 16. Right Certificate Holder Not Deemed a Stockholder.....	27
Section 17. Concerning the Rights Agent.....	28
Section 18. Merger or Consolidation or Change of Name of Rights Agent.....	29
Section 19. Duties of Rights Agent.....	29

-i-

	Page
	----
Section 20. Change of Rights Agent.....	32
Section 21. Issuance of New Right Certificates.....	32
Section 22. Redemption and Termination.....	33
Section 23. Exchange.....	34
Section 24. Notice of Certain Events.....	35
Section 25. Notices.....	36
Section 26. Supplements and Amendments.....	36
Section 27. Successors.....	37
Section 28. Determinations and Actions by the Board of Directors.....	37
Section 29. Benefits of This Agreement.....	37
Section 30. Severability.....	38
Section 31. Governing Law.....	38
Section 32. Counterparts.....	38

EXHIBIT A Certificate of Designation.....A

EXHIBIT B Form of Right Certificate.....B

EXHIBIT C Summary of Rights to Purchase Preferred Stock.....C

RIGHTS AGREEMENT

Rights Agreement, dated as of \_\_\_\_\_, 2004 (the "Agreement") between TriMas Corporation, a Delaware corporation (the "Company"), and [ ], a [ ] (the "Rights Agent").

W I T N E S S E T H :

WHEREAS, the Board of Directors of the Company on \_\_\_\_\_, 2004 (the "Rights Dividend Declaration Date") authorized and declared a dividend distribution (the "Distribution") of one Right for each outstanding share of the Common Stock, \$0.01 par value, of the Company (the "Common Stock") outstanding at the close of business on the date hereof (the "Record Date") and has authorized and directed the issuance of one Right (as such number may hereinafter be adjusted pursuant to the provisions of Section 11(p) hereof) in respect of each share of Common Stock issued (whether originally issued or delivered from the Company's treasury stock) between the Record Date and the earlier of the Distribution Date or the Expiration Date (as such terms are hereinafter defined), each Right initially representing the right to purchase, under certain circumstances, one one-thousandth of a share of Series A Junior Participating Preferred Stock of the Company having the rights, powers and preferences set forth in the Certificate of Designation attached hereto as Exhibit A, upon the terms and subject to the conditions hereinafter set forth (the "Rights");

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates (as such term is hereinafter defined) and Associates (as such term is hereinafter defined) of such Person, shall become the Beneficial Owner (as such term is hereinafter defined) of securities of the Company constituting a Substantial Block (as such term is hereinafter defined), but shall not include an Exempted Entity (as such term is hereinafter defined); provided, however, that if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an "Acquiring Person" has become such inadvertently (including, without limitation, because (A) such Person was unaware that it beneficially owned a percentage of Voting Stock that would otherwise cause such Person to be an "Acquiring Person" or (B) such Person was aware of the extent of its beneficial ownership of Voting Stock but had no actual knowledge of the consequences of such beneficial ownership under this Agreement) and without any intention of changing or

influencing control of the Company, then such Person shall not be deemed to be or to have become an "Acquiring Person" for any purposes of this Rights Agreement unless and until such Person shall have failed to divest itself, as soon as practicable, if the Company so requests, of beneficial ownership of a sufficient number of shares of Voting Stock so that such Person would no longer otherwise qualify as an "Acquiring Person." Notwithstanding the foregoing, no Person shall be deemed an "Acquiring Person" as the result of an acquisition of shares of Voting Stock by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 15% or more of the shares of Voting Stock then outstanding; provided, however, that if a Person shall become the Beneficial Owner of a Substantial Block by reason of such share acquisitions by the Company and thereafter becomes the Beneficial Owner of any additional shares of Voting Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding Voting Stock), then such Person shall be deemed to be an "Acquiring Person," subject to the proviso set forth in the first sentence of this Section 1(a), unless upon the consummation of the acquisition of such additional shares of Voting Stock such Person does not then beneficially own a Substantial Block. In calculating the Voting Stock of the Company then outstanding for purposes of determining the percentage beneficially owned by a Person, the phrase "then outstanding" shall mean the number of such securities then actually issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(b) "Act" shall have the meaning set forth in Section 9(c) hereof.

(c) "Adjustment Shares" shall have the meaning set forth in Section 11(a)(ii) hereof.

(d) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as in effect on the date hereof.

(e) "Agreement" shall have the meaning set forth in the introduction hereto.

(f) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or Associates has, directly or indirectly, the right to acquire (whether such right is exercisable immediately or only after the passage of time or upon the occurrence of an event) pursuant to any agreement, arrangement or understanding (whether

-3-

or not in writing), or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," (1) securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange, (2) securities issuable upon exercise of Rights at any time prior to the occurrence of a Section 11(a)(ii) Event or (3) securities issuable upon exercise of Rights from and after the occurrence of a Section 11(a)(ii) Event, which Rights were acquired by such Person or any of such Person's Affiliates or Associates prior to the Distribution Date or pursuant to Section 3(a) hereof ("Original Rights") or pursuant to Section 11(i) or Section 22 hereof in connection with an adjustment made with respect to Original Rights; or

(ii) which such Person or any of such Person's Affiliates or Associates has, directly or indirectly, the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including pursuant to any agreement, arrangement or understanding (whether or not in writing) or has a "pecuniary interest" or an "indirect pecuniary interest" in (as determined pursuant to Rule 16A-1(a)(2) of the General Rules and Regulations under the Exchange Act); provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any security under this subparagraph (ii) if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations of the Exchange Act and (2) is not then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to subparagraph (ii) of this paragraph (f) or disposing of any securities of the Company.

Notwithstanding the foregoing, nothing contained in this definition shall cause a Person ordinarily engaged in business as an underwriter of securities to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired in a bona fide firm commitment underwriting pursuant to an underwriting agreement with the Company.

-4-

(g) "Business Day" shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(h) "Certification" shall have the meaning set forth in Section 17 hereof.

(i) "close of business" on any given date shall mean 5:00 P.M., New York City time, on such date, provided, however, if such date is not a Business Day it shall mean 5:00 P.M. on the next succeeding Business Day.

(j) "Common Stock" when used with reference to the Company shall mean the Common Stock, \$0.01 par value, of the Company. "Common Stock" when used with reference to any Person other than the Company shall mean either the capital stock with the greatest voting power of such other Person or, if such Person is a Subsidiary of another Person, the equity securities or other equity interest having power to control or direct the management of such Person.

(k) "Common Stock Equivalents" shall have the meaning set forth in Section 11(a)(iii) hereof.

(l) "Company" shall have the meaning set forth in the introduction hereto.

(m) "Current Market Price" shall have the meaning set forth in Section 11(d) hereof.

(n) "Current Value" shall have the meaning set forth in Section 11(a)(iii) hereof.

(o) "Distribution" shall have the meaning set forth in the recitals hereto.

(p) "Distribution Date" shall have the meaning set forth in Section 3(a) hereof.

(q) "Equivalent Preferred Stock" shall have the meaning set forth in Section 11(b) hereof.

(r) "Exchange Act" shall have the meaning set forth in the definitions

of "Affiliate" and "Associate" above.

(s) "Exchange Ratio" shall have the meaning set forth in Section 23(a) hereof.

(t) "Exempted Entity" shall mean (1) the Company, (2) any Subsidiary (as such term is hereinafter defined) of the Company (in the case of subclauses (1) and (2)

-5-

including, without limitation, in its fiduciary capacity), (3) any employee benefit plan of the Company or of any Subsidiary of the Company, (4) any entity or trustee holding Voting Stock for or pursuant to the terms of any such plan or employees of the Company or of any Subsidiary of the Company, (5) any Heartland Stockholder, (6) any Heartland Direct Transferee, (7) any Heartland Indirect Transferee, (8) any Metaldyne Entity (as such term is hereinafter defined), (9) any Underwriter (as such term is hereinafter defined); provided, however, that any Heartland Stockholder, any Heartland Direct Transferee, any Heartland Indirect Transferee, any Metaldyne Entity and any Underwriter shall cease to be an Exempted Entity as of the date that such Heartland Stockholder, Heartland Direct Transferee, Heartland Indirect Transferee, Metaldyne Entity or Underwriter ceases to beneficially own securities of the Company constituting a Substantial Block of the shares of the then outstanding Voting Stock.

(u) "Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(v) "Final Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(w) "Heartland Direct Transferee" shall mean any Person that acquires directly from any Heartland Stockholder beneficial ownership of securities of the Company constituting a Substantial Block.

(x) "Heartland Indirect Transferee" shall mean any Person that acquires directly from any Heartland Direct Transferee or any other Heartland Indirect Transferee beneficial ownership of securities of the Company constituting a Substantial Block.

(y) "Heartland Stockholder" shall mean (i) Heartland Industrial Associates, L.L.C., and any successor entity ("Heartland") and any Affiliate thereof that has beneficial ownership of the shares of Voting Stock held by Heartland Industrial Associates L.L.C. as of the date hereof or directly or indirectly acquires beneficial ownership of securities of the Company constituting a Substantial Block, except for the Company and its subsidiaries, (ii) each limited partnership of which Heartland is a general partner, and (iii) any person who would be an Acquiring Person solely by reason of being deemed to be the beneficial owner of shares of Voting Stock beneficially owned by any such Person identified in subparagraph (i) above, whether by acting as an officer, director, trustee, general partner or other managing Person of any such Person, or by reason of any ownership interest or other pecuniary interest in any such Person, or otherwise.

(z) "Metaldyne" shall mean (1) Metaldyne Corporation, (2) any Subsidiary of Metaldyne so long as it is a Subsidiary of Metaldyne, (3) any person that acquires, at a time when Heartland Stockholders own 15% or more of the outstanding voting

-6-

stock of Metaldyne, directly from Metaldyne or any Subsidiary of Metaldyne beneficial ownership of securities of the Company constituting a Substantial Block or (4) any Person that acquires, at a time when Heartland Stockholders beneficially own 15% or more of the then outstanding voting stock of Metaldyne, directly from a Metaldyne direct transferee or any other indirect transferee beneficial ownership of securities of the Company constituting a Substantial Block.

(aa) "Original Rights" shall have the meaning set forth in the definition of "Beneficial Owner" above.

(bb) "Person" shall mean any individual, firm, corporation, partnership or other entity.

(cc) "Preferred Stock" shall mean the shares of Series A Junior Participating Preferred Stock, par value \$0.01 per share, of the Company.

(dd) "Principal Party" shall have the meaning set forth in Section 11(o) hereof.

(ee) "Purchase Price" shall have the meaning set forth in Section 4(a) hereof.

(ff) "Record Date" shall have the meaning set forth in the recitals hereto.

(gg) "Redemption Price" shall have the meaning set forth in Section 22(a) hereof.

(hh) "Rights" shall have the meaning set forth in the recitals hereto.

(ii) "Rights Agent" shall have the meaning set forth in the introduction hereto.

(jj) "Right Certificate" shall have the meaning set forth in Section 3(a) hereof.

(kk) "Rights Dividend Declaration Date" shall have the meaning set forth in the recitals hereto.

(ll) "Section 11(a)(ii) Event" shall mean any event described in Section 11(a)(ii) hereof.

(mm) "Section 11(a)(ii) Trigger Date" shall have the meaning set forth in Section 11(a)(iii) hereof.

-7-

(nn) "Shares Acquisition Date" shall mean the first date of public announcement (which, for purposes of this definition, includes a report filed pursuant to Section 13(d) of the Exchange Act) by the Company or an Acquiring Person that an Acquiring Person has become such.

(oo) "Spread" shall have the meaning set forth in Section 11(a)(iii) hereof.

(pp) "Subsidiary" shall mean, with reference to any Person, any corporation (or other entity) of which an amount of voting securities (or comparable ownership interests) sufficient to elect at least a majority of the directors (or comparable individuals) of such corporation (or other entity) is beneficially owned or otherwise controlled, directly or indirectly, by such Person.

(qq) "Substantial Block" shall mean a number of shares of the Voting Stock which has 15% or more of the aggregate voting power of all outstanding shares of Voting Stock.

(rr) "Substitution Period" shall have the meaning set forth in Section 11(a)(iii) hereof.

(ss) "Summary of Rights" shall have the meaning set forth in Section 3(b) hereof.

(tt) "Trading Day" shall have the meaning set forth in Section 11(d) hereof.

(uu) "Underwriter" shall mean the underwriters participating in the initial public offering of the Common Stock of the Company, so long as they are participating in such offering.

(vv) "Voting Stock" shall mean the outstanding shares of Common Stock, \$0.01 par value, and any other shares of capital stock of the Company which are entitled to vote generally in the election of directors.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company shall act as Co-Rights Agent and may from time to time appoint such other Co-Rights Agents as it may deem necessary or desirable upon ten calendar days' written notice to the Rights Agent. In no event shall the Rights Agent have any duty to supervise or in any way be liable for such Co-Rights Agents.

Section 3. Issue of Right Certificates. (a) Until the earlier of (i) the close of business on the tenth Business Day after the Shares Acquisition Date or (ii) the close of

-8-

business on the tenth Business Day (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) after the date of the commencement of, or first public announcement of the intent of any Person (other than an Exempted Entity) to commence, a tender or exchange offer if, upon consummation thereof, such Person would be an Acquiring Person (the earlier of the dates in subsections (i) and (ii) hereof being herein referred to as the "Distribution Date") (x) the Rights will be evidenced (subject to the provisions of paragraph (b) of this Section 3) by the certificates for the Common Stock registered in the names of the holders of the Common Stock (which certificates for the Common Stock shall be deemed also to be Right Certificates) and not by separate Right Certificates, and (y) the right to receive Right Certificates will be transferable only in connection with the transfer of Common Stock. As soon as practicable after receipt by the Rights Agent of written notice from the Company of the Distribution Date, the Rights Agent, at the Company's expense, will send by first-class, postage prepaid mail, to each record holder of Common Stock as of the close of business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto, evidencing one Right for each share of the Common Stock so held, subject to adjustment as provided herein. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) As soon as practicable following the Record Date, the Company will send a copy of a Summary of Rights to Purchase Preferred Stock, in substantially the form attached hereto as Exhibit C (the "Summary of Rights"), by first-class, postage prepaid mail, to each record holder of Common Stock as of the close of business on the Record Date, at the address of such holder shown on the records of the Company. With respect to certificates for Common Stock outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates for Common Stock, and the registered holders of the Common Stock shall also be the registered holders of the associated Rights.

(c) Rights shall be issued in respect of all shares of Common Stock issued after the Record Date but prior to the earlier of the Distribution Date or the Expiration Date (as such term is defined in Section 7), or, in certain circumstances provided in Section 21 hereof, after the Distribution Date. Certificates representing such shares of Common Stock shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between TriMas Corporation and [ ] (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of TriMas Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. TriMas Corporation will mail to the

-9-

holder of this certificate a copy of the Rights Agreement as in effect on the date of mailing without charge within five Business Days after receipt of a written request therefor. Under certain circumstances set forth in the Rights Agreement, Rights beneficially owned by an Acquiring Person may become null and void.

After the due execution of any supplement or amendment to this Agreement in accordance with the terms hereof, the reference to this Agreement in the foregoing legend shall mean the Agreement as so supplemented or amended. Until the Distribution Date (or earlier redemption or expiration of the Rights), the Rights associated with the Common Stock represented by certificates containing the foregoing legend shall be evidenced by such certificates alone, and the surrender for transfer of any of such certificates shall also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. In the event that the Company purchases or acquires any shares of Common Stock after the Record Date but prior to the Distribution Date, any Rights associated with such Common Stock shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the shares of Common Stock which are no longer outstanding. The failure to print the foregoing legend on any such Common Stock certificate or any other defect therein shall not affect in any manner whatsoever the application or interpretation of the provisions of Section 7(e) hereof.

Section 4. Form of Right Certificates. (a) The Right Certificates (and the forms of election to purchase shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. The Right Certificates shall be in machine-printable format and in a form reasonably satisfactory to the Rights Agent. Subject to the provisions of Section 11 and Section 21 hereof, the Right Certificates, whenever distributed, shall be dated as of the Record Date, shall show the date of countersignature, and on their face shall entitle the holders thereof to purchase such number of shares of Preferred Stock (or following a Section 11(a)(ii) Event, Common Stock, other securities, cash or other assets, as the case may be) as shall be set forth therein at the price per one one-thousandths of a share of Preferred Stock set forth therein (the "Purchase Price"), but the number of such shares and the Purchase Price shall be subject to adjustment as provided herein.

(b) Notwithstanding any other provision of this Agreement, (i) any Right Certificate issued pursuant to Section 3(a) or Section 22 hereof that represents Rights beneficially owned by: (x) an Acquiring Person or any Associate or Affiliate thereof, (y) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee

-10-

after the Acquiring Person became such, or (z) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom such Acquiring Person has any continuing agreement, arrangement or understanding (whether or not in writing) regarding the transferred Rights or (B) a transfer which the Board of Directors of the Company has determined is part of a plan, arrangement or understanding (whether or not in writing) which has as a primary purpose or effect avoidance of Section 7(e) hereof, (ii) any Right Certificate issued at any time to any nominee of such Acquiring Person, Associate or Affiliate, and (iii) any Right Certificate issued pursuant to Section 6 or Section 11 hereof, upon transfer, exchange, replacement or adjustment of any other Right Certificate referred to in this sentence, shall contain (to the extent feasible following the written instruction of the Company to the Rights Agent) the following legend, modified as applicable to apply to such Person:

The Rights represented by this Right Certificate are or were beneficially owned by a Person who was or became an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement). Accordingly, this Right Certificate and the Rights represented may become null and void in the circumstances specified in Section 7(e) of the Rights Agreement.

Section 5. Countersignature and Registration. The Right Certificates shall be executed on behalf of the Company by one of its authorized officers either manually or by facsimile signature. The Right Certificates shall be countersigned by an authorized signatory of the Rights Agent either manually or by facsimile signature and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent, issued and delivered with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Right Certificate, shall be a



proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Agreement any such person was not such an officer.

In case any authorized signatory of the Rights Agent who shall have countersigned any of the Right Certificates shall cease to be such signatory before delivery by the Company, such Right Certificates, nevertheless, may be issued and delivered by the Company with the same force and effect as though the person who countersigned such Right Certificates not ceased to be such signatory; and any Right Certificate may be countersigned on behalf of the Rights Agent by any person who, at the actual date of the countersignature of such

-11-

Right Certificate, shall be a proper signatory of the Rights Agent to countersign such Right Certificate, although at the date of the execution of this Agreement any such person was not such a signatory.

Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its office designated for such purpose, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates, and the date of each of the Right Certificates and the date of countersignature of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates. Subject to the provisions of Section 13 hereof, at any time after the close of business on the Distribution Date, and at or prior to the close of business on the Expiration Date, any Right Certificate or Right Certificates may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of shares of Preferred Stock (or following a Section 11(a)(ii) Event, Common Stock, other securities, cash or other assets, as the case may be) as the Right Certificate or Right Certificates surrendered then entitled such holder (or former holder in the case of a transfer) to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the office of the Rights Agent designated for such purpose, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate until the registered holder shall have completed and signed the certificate contained in the form of assignment on the reverse side of such Right Certificate and shall have provided such additional evidence, as the Company shall reasonably request, of the identity of the Beneficial Owner, Affiliates or Associates thereof or of the holder, or of any other Person with which such holder or any of such holder's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting or disposing of securities of the Company. Thereupon the Rights Agent shall, subject to Section 4(b), Section 7(e), Section 13 and Section 19(k) hereof, countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment from a Right Certificate holder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in

-12-

case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, along with a signature guarantee and such other further documentation as the Rights Agent may reasonably request and reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights. (a) Subject to Section 7(e) hereof, the registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein, including, without limitation, the restrictions on exercisability set forth in Sections 9(c), 11(a)(iii), 22(c) and 24(b) hereof) in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the designated office of the Rights Agent, together with payment of the aggregate Purchase Price for the total number of one one-thousandths of shares of Preferred Stock (or shares of Common Stock, other securities, cash or other assets, as the case may be) as to which the Rights are then exercisable, at or prior to the earliest of (i) the close of business on [ o ], 2014 (the "Final Expiration Date"), (ii) the time at which the Rights are exchanged as provided in Section 23, or (iii) the time at which the Rights are redeemed as provided in Section 22 (such earliest date being herein referred to as the "Expiration Date").

(b) The Purchase Price for each one one-thousandths of a share of Preferred Stock pursuant to the exercise of a Right shall initially be \$[ ], shall be subject to adjustment from time to time as provided in Section 11 hereof and shall be payable in accordance with paragraph (c) below.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase and the certificate duly executed and completed accompanied by payment of the Purchase Price for the number of one

one-thousandths of shares of Preferred Stock (or shares of Common Stock, other securities, cash or other assets, as the case may be) to be purchased and an amount equal to any applicable transfer tax, the Rights Agent shall thereupon, subject to Section 19(k), promptly (i) requisition from any transfer agent of Preferred Stock certificates for the number of one one-thousandths of shares of Preferred Stock to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, (ii) if the Company shall have elected to deposit the total number of shares of Preferred Stock issuable upon exercise of the Rights hereunder with a depositary agent, requisition from the depositary agent depositary receipts representing such number of shares of Preferred Stock as are to be purchased (in which case certificates for the shares of Preferred Stock represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company hereby directs the depositary agent to comply with such request, (iii) when appropriate, requisition from any transfer agent of the Common Stock of

-13-

the Company certificates for the total number of shares of Common Stock to be paid in accordance with Section 11(a)(ii) and 11(a)(iii), (iv) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 13, (v) promptly after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (vi) when appropriate, after receipt promptly deliver such cash to or upon the order of the registered holder of such Right Certificate. The payment of the then Purchase Price may be made in cash or by certified bank check or bank draft or money order payable to the order of the Company or the Rights Agent. In the event that the Company is obligated to issue securities, distribute property or pay cash pursuant to Section 11(a)(iii) hereof, the Company will make all arrangements necessary so that cash, property or securities are available for issuance, distribution or payment by the Rights Agent, if and when appropriate.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 13 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, from and after the first occurrence of a Section 11(a)(ii) Event, any Rights beneficially owned by (i) an Acquiring Person or any Associate or Affiliate of an Acquiring Person, (ii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after the Acquiring Person became such, or (iii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom the Acquiring Person has any continuing agreement, arrangement or understanding (whether or not in writing) regarding the transferred Rights or (B) a transfer which the Board of Directors of the Company has determined is a part of a plan, arrangement or understanding (whether or not in writing) which has as a primary purpose or effect the avoidance of this Section 7(e), shall become null and void without any further action and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to insure that the provisions of this Section 7(e) and Section 4(b) hereof are complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a

-14-

registered holder upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) completed and signed the certificate contained in the form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise, and (ii) provided such additional evidence of the identity of the Beneficial Owner, Affiliates or Associates thereof or of the holder, or of any other Person with which such holder or any of such holder's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting or disposing of any securities of the Company as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Shares of Capital Stock. (a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Preferred Stock (and following the occurrence of a Section 11(a)(ii) Event, out of its authorized and unissued shares of Common Stock and/or other securities) or out of its authorized and issued shares of Preferred Stock (and, following the occurrence

of a Section 11(a)(ii) Event, out of its authorized and issued Common Stock and/or other securities) held in its treasury, the number of shares of Preferred Stock (and, following the occurrence of a Section 11(a)(ii) Event, Common Stock and/or other securities) that will be sufficient to permit the exercise in full of all outstanding Rights (it being understood that any of the foregoing shares or securities may also be reserved for other purposes) or will take such other steps as are appropriate to assure that the number of such shares or securities (or their equivalents) sufficient to permit the exercise in full of all outstanding Rights will be available upon such exercise.

(b) So long as the shares of Preferred Stock (and, following the occurrence of a Section 11(a)(ii) Event, Common Stock and/or other securities) issuable upon the exercise of Rights may be listed on any national securities exchange, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable (but only to the extent that it is reasonably likely that the Rights will be exercised), all shares reserved for

-15-

such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

(c) The Company shall use its best efforts (X) (i) to file, as soon as practicable following the first occurrence of a Section 11(a)(ii) Event, or as soon as required by law, as the case may be, a registration statement under the Securities Act of 1933, as amended (the "Act"), with respect to the securities purchasable upon exercise of the Rights on an appropriate form, (ii) to cause such registration statement to become effective as soon as practicable after such filing, and (iii) to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities, and (B) the Expiration Date and (Y) (i) to file appropriate applications with any state or federal regulatory bodies having jurisdiction over the issuance of the securities (or assets) purchasable upon exercise of the Rights in order to obtain any approvals or orders of such bodies as may be legally required, (ii) to cause such approvals to be obtained or orders to be issued as soon as practicable after such filing and (iii) to cause such approvals or orders to remain effective until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities (or assets), and (B) the Expiration Date, to the extent not previously obtained. The Company will also take such action as may be appropriate under the blue sky laws of the various states. The Company may temporarily suspend, (X) for a period of time not to exceed ninety (90) days after the date set forth in clause (X)(i) of the first sentence of this Section 9(c), the exercisability of the Rights in order to prepare and file such registration statement and permit it to become effective and (Y) for a period of time not in excess of 180 days after such date (or for such longer period as is required by any applicable law, rule or regulation of any appropriate regulatory bodies), the exercisability of the Rights in order to obtain any such required regulatory body approvals or orders. Upon any such suspension, the Company shall issue a public announcement and shall give simultaneous written notice to the Rights Agent stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement and notice to the Rights Agent at such time as the suspension is no longer in effect. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualifications in such jurisdiction shall have been obtained.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of the Preferred Stock (and following the occurrence of a Triggering Event, Common Stock and/or other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in

-16-

respect of the issuance or delivery of the Right Certificates or of any shares of the Preferred Stock (or Common Stock and/or other securities, as the case may be) upon the exercise of Rights. The Company shall not, however, be required (a) to pay any transfer tax which may be payable in respect of any transfer involved in the transfer or delivery of Right Certificates or the issuance or delivery of certificates for the Preferred Stock (or Common Stock and/or other securities, as the case may be) in a name other than that of the registered holder of the Right Certificate evidencing Rights surrendered for exercise or (b) to issue or deliver any certificates for shares of the Preferred Stock (or Common Stock and/or other securities, as the case may be) upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

Section 10. Preferred Stock Record Date. Each person in whose name any certificate for any number of shares of Preferred Stock (or Common Stock and/or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of such whole and/or fractional shares of Preferred Stock (or Common Stock and/or other securities, as the case may be) represented thereby on, and such certificate shall be dated the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made and shall show the date of countersignature; provided, however, that if the date of such surrender and payment is a date upon which the Preferred Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a stockholder of the

Company with respect to shares for which the Rights shall be exercisable including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number of shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preferred Stock payable in shares of the Preferred Stock, (B) subdivide the outstanding Preferred Stock, (C) combine the outstanding Preferred Stock into a smaller number of shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except

-17-

as otherwise provided in this Section 11(a) and Section 7(e) hereof, the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of Preferred Stock or capital stock, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive upon payment of the Purchase Price then in effect the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Stock (or Common Stock and/or other securities) transfer books of the Company were open, he or she would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii), the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to section 11(a)(ii).

(ii) Subject to Section 23 of this Agreement, in the event any Person, alone or together with its Affiliates and Associates, becomes an Acquiring Person, then, prior to the later of (x) the date on which the Company's rights of redemption pursuant to Section 22(a) expire, or (y) ten (10) Business Days after the date of the first occurrence of a Section 11(a)(ii) Event, proper provision shall be made so that each holder of a Right, except as provided in Section 7(e) hereof, shall thereafter have a right to receive, upon exercise thereof at the then current Purchase Price for the number of one one-thousandths of a share of Preferred Stock for which such Right is then exercisable in accordance with the terms of this Agreement, in lieu of shares of Preferred Stock, such number of shares of the Common Stock of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the then number of one one-thousandths of a share of Preferred Stock for which a Right is then exercisable and dividing that product by (y) 50% of the Current Market Price per share of the Common Stock of the Company (determined pursuant to Section 11(d)) on the date of the occurrence of the event listed above in this subparagraph (ii) (such number of shares are hereinafter referred to as the "Adjustment Shares") provided that the Purchase Price and the number of Adjustment Shares shall be further adjusted as provided in this Agreement to reflect any events occurring after the date of such first occurrence.

(iii) In the event that the number of shares of Common Stock which are authorized by the Company's Amended and Restated Certificate of Incorporation but not outstanding or reserved for issuance for purposes other than upon exercise of the Rights are not sufficient to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company shall (A) determine the excess of (1) the value of the Adjustment Shares issuable upon the exercise of a Right (the "Current Value") over (2) the Purchase Price (such excess, the "Spread"), and (B) with respect to each Right, make adequate provision to substitute for the Adjustment Shares, upon exercise of the Rights and payment of the applicable Purchase Price, (1) cash, (2) a reduction in the Purchase Price, (3) Common Stock or other equity securities of the Company (including, without limitation, shares, or units of shares, of

-18-

preferred stock which the Board of Directors of the Company has deemed to have the same value as shares of Common Stock (such shares of preferred stock, "Common Stock Equivalents")), (4) debt securities of the Company, (5) other assets, or (6) any combination of the foregoing, having an aggregate value equal to the Current Value, where such aggregate value has been determined by the Board of Directors of the Company based upon the advice of a nationally recognized investment banking firm selected by the Board of Directors of the Company; provided, however, if the Company shall not have made adequate provision to deliver value pursuant to clause (B) above within thirty (30) days following the later of (x) the first occurrence of a Section 11(a)(ii) Event and (y) the date on which the Company's rights of redemption pursuant to Section 22(a) expires (the later of (x) and (y) being referred to herein as the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, upon the surrender for exercise of a Right and without requiring payment of the Purchase Price, shares of Common Stock (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If the Board of Directors of the Company shall determine in good faith that it is likely that sufficient additional shares of Common Stock could be authorized for issuance upon exercise in full of the Rights, the thirty (30) day period set forth above may be extended to the extent necessary, but not more than ninety (90) days after the Section 11(a)(ii) Trigger Date, in order that the Company may seek shareholder approval for the authorization of such additional shares (such period, as it may be extended, the "Substitution Period"). To the extent that the Company determines that some action need be taken pursuant to the first and/or second sentences of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 7(e) hereof, that such action shall apply uniformly to all outstanding Rights, and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in

order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such first sentence and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement and shall give simultaneous written notice to the Rights Agent stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement and notice to the Rights Agent at such time as the suspension is no longer in effect. For purposes of this Section 11(a)(iii), the value of the Common Stock shall be the Current Market Price (as determined pursuant to Section 11(d) hereof) per share of the Common Stock on the Section 11(a)(ii) Trigger Date and the value of any Common Stock Equivalent shall be deemed to have the same value as the Common Stock on such date. The Company shall give the Rights Agent notice of the selection of any Common Stock Equivalent under this Section 11(a)(iii).

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Stock entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Stock (or securities having substantially the same rights, privileges and preferences as the shares of Preferred Stock ("Equivalent Preferred Stock") or convertible into the Preferred Stock or Equivalent Preferred Stock) at a price per share of the Preferred Stock or Equivalent Preferred

-19-

Stock (or having a conversion price per share, if a security convertible into the Preferred Stock or Equivalent Preferred Stock) less than the Current Market Price (as defined in Section 11(d) per share of the Preferred Stock or Equivalent Preferred Stock, as the case may be) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be the number of shares of Preferred Stock outstanding on such record date plus the number of shares of Preferred Stock or Equivalent Preferred Stock which the aggregate offering price of the total number of shares of Preferred Stock or Equivalent Preferred Stock so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Current Market Price and of which the denominator shall be the number of shares of Preferred Stock outstanding on such record date plus the number of additional shares of Preferred Stock and/or Equivalent Preferred Stock to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent. Shares of Preferred Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of Preferred Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular periodic cash dividend or a dividend payable in Preferred Stock) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, of which the numerator shall be the Current Market Price per share of Preferred Stock (as defined in Section 11(d)) on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one share of Preferred Stock and of which the denominator shall be such Current Market Price per share of Preferred Stock. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

-20-

(d) (i) For the purpose of any computation hereunder, other than computations made pursuant to Section 11(a)(iii), the "Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the 30 consecutive Trading Days (as such term is hereinafter defined in this paragraph (d)) immediately prior to such date and for purposes of computations made pursuant to Section 11(a)(iii) hereof, the "Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the ten (10) consecutive Trading Days immediately following such date; provided, however, that in the event that the Current Market Price per share of Common Stock is determined during the period following the announcement by the issuer of such Common Stock of (A) a dividend or distribution on such Common Stock payable in shares of such Common Stock or securities convertible into shares of such Common Stock (other than the Rights) or (B) any subdivision, combination or reclassification of such Common Stock, and prior to the expiration of the requisite 30 Trading Day or 10 Trading Day period, as set forth above after the ex-dividend date for such dividend or distribution or the record date for such subdivision, combination or reclassification, then, and in each such case, the Current Market Price shall be appropriately adjusted to take into account ex-dividend trading. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the shares of the Common Stock are not listed or admitted to trading on the New York Stock Exchange, as reported in

the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of the Common Stock are listed or admitted to trading or, if the shares of the Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use, or, if on any such date the shares of the Common Stock are not quoted by such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors of the Company. If on any such date no market maker is making a market in the Common Stock, the fair value of such shares on such date shall be as determined in good faith by an independent investment banking firm selected by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading is open for the transaction of business or, if the shares of the Common Stock are not listed or admitted to trading on any national securities exchange, a Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in the State of New York are not authorized or obligated by law or executive order to close. If the Common Stock is not publicly held or not so listed or traded, "Current Market Price" per share shall mean the

-21-

fair value per share as determined in good faith by an independent investment banking firm selected by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(ii) For the purpose of any computation hereunder, the "Current Market Price" per share of Preferred Stock shall be determined in the same manner as set forth above for the Common Stock in clause (i) of this Section 11(d) (other than the last sentence thereof). If the Current Market Price per share of Preferred Stock cannot be determined in the manner provided above or if the Preferred Stock is not publicly held or listed or traded in any manner described in clause (i) of this Section 11(d), the "Current Market Price" per share of Preferred Stock shall be conclusively deemed to be an amount equal to 100 (as such number may be appropriately adjusted for such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock occurring after the date of this Agreement) multiplied by the Current Market Price per share of the Common Stock. If neither the Common Stock nor the Preferred Stock is publicly held or so listed or traded, "Current Market Price" per share of the Preferred Stock shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes. For all purposes of this Agreement, the "Current Market Price" of one one-thousandths of a share of Preferred Stock shall be equal to the "Current Market Price" of one share of Preferred Stock divided by 100.

(e) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a share of Common Stock or one millionth of a share of Preferred Stock as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment or (ii) the Expiration Date.

(f) If as a result of an adjustment made pursuant to Section 11(a), the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock other than shares of Preferred Stock, thereafter the number of such other shares so receivable upon exercise of any Right and the Purchase Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 11(a) through (q), inclusive, and the provisions of Sections 7, 9, 10 and 13 with respect to the Preferred Stock shall apply on like terms to any such other shares.

-22-

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-thousandths of a share of Preferred Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of shares (calculated to the nearest one-millionth) obtained by (i) multiplying (x) the number of shares covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of shares of Preferred Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of shares of Preferred Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall

become that number of Rights (calculated to the nearest ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after the adjustment of the Purchase Price. The Company shall make a public announcement and shall give simultaneous written notice to the Rights Agent of its election to adjust the number of Rights, indicating the record date for the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of Right Certificates on such record date Right Certificates evidencing, subject to Section 13, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

-23-

(j) Irrespective of any adjustment or change in the Purchase Price or the number of shares of Preferred Stock issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price per share and the number of shares which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-thousandth of the then stated value, if any, of a share of Preferred Stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable such number of one one-thousandths of a share of such Preferred Stock at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the shares of Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the shares of Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that the Board of Directors of the Company shall determine to be advisable in order that any consolidation or subdivision of shares of Preferred Stock, issuance wholly for cash of any of shares of Preferred Stock at less than the Current Market Price, issuance wholly for cash of the Preferred Stock or securities which by their terms are convertible into or exchangeable for Preferred Stock, stock dividends or issuance of rights, options or warrants referred to hereinabove in this Section 11, hereafter made by the Company to holders of its Preferred Stock shall not be taxable to such stockholders.

(n) The Company covenants and agrees that, after the Distribution Date, it will not, except as permitted by Sections 22, 23 and 26 hereof, take (nor will it permit any of its Subsidiaries to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(o) The Company covenants and agrees that it shall not, at any time after the Distribution Date, (i) consolidate with any other Person (other than a Subsidiary of the

-24-

Company in a transaction which complies with Section 11(n)), (ii) merge with or into any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(n)), or (iii) sell or transfer (or permit any of its Subsidiaries to sell or transfer), in one or more transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons (other than the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section 11(n)) if (x) at the time of or immediately after such consolidation, merger or sale there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights or (y) prior to, simultaneously with or immediately after such consolidation, merger or sale, the stockholders of the Person who constitutes, or would constitute, the "Principal Party" (as such term is hereinafter defined) hereof shall have received a distribution of Rights previously owned by such Person or any of its Affiliates and Associates. "Principal Party" shall mean

(1) in the case of any transaction described in clauses (i) or (ii) of the first sentence of this Section 11(1), the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted in such merger or consolidation, and if no securities are so issued, the Person that is the other party to the merger or consolidation;

and

(2) in the case of any transaction described in clause (iii) of the first sentence in this Section 11(0), the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions;

provided, however, that in any such case, (x) if the Common Stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary of another corporation the Common Stock of which is and has been so registered, "Principal Party" shall refer to such other corporation; (y) if such Person is a Subsidiary, directly or indirectly, of more than one corporation, the Common Stocks of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such corporations is the issuer of the Common Stock having the greatest market value.

(p) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time after the Record Date and prior to the Distribution Date (i) declare a dividend on the outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, the number of Rights associated with each share of Common Stock then outstanding, or issued or delivered thereafter but prior to the Distribution Date, shall be proportionately adjusted so that the number of

-25-

Rights thereafter associated with each share of Common Stock following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Stock immediately prior to such event by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of shares of Common Stock outstanding immediately following the occurrence of such event.

(q) Notwithstanding anything in this Agreement to the contrary, prior to the Distribution Date, the Company may, in lieu of making any adjustment to the Purchase Price, the number of shares of Preferred Stock eligible for purchase on exercise of each Right or the number of Rights outstanding, which adjustment would otherwise be required by Section 11(a)(i), 11(b), 11(c), 11(h) or 11(i), make such other equitable adjustment or adjustments thereto as the Board of Directors (whose determination shall be conclusive) deems appropriate in the circumstances and not inconsistent with the objectives of the Board of Directors in adopting this Agreement and such Sections.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Section 11, the Company shall (a) promptly prepare a certificate setting forth such adjustment, and a brief statement of the facts accounting for such adjustment and the adjusted Purchase Price, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Stock and the Common Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained.

Section 13. Fractional Rights and Fractional Shares. (a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 13(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market,

-26-

as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock). In lieu of fractional shares that are not integral multiples of one one-thousandth of a share of Preferred Stock, the Company may pay to the registered holders of Right Certificates at the time the Rights evidenced thereby are exercised or exchanged as herein provided an amount in cash equal to the same fraction of the current market value of one one-thousandth of a share of Preferred Stock. For purposes of this Section 13(b), the current market value of one one-thousandth of a share of Preferred Stock shall be one one-thousandth of the closing price of a share of Preferred Stock (as determined pursuant to



Section 11(d)(ii)) for the Trading Day immediately prior to the date of such exercise.

(c) Following the occurrence of a Section 11(a)(ii) Event the Company shall not be required to issue fractions of shares of Common Stock upon exercise of the Rights or to distribute certificates which evidence fractional shares of Common Stock. In lieu of fractional shares of Common Stock, the Company may pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one (1) share of Common Stock. For purposes of this Section 13(c), the current market value of one share of Common Stock shall be the closing price of one share of Common Stock (as determined pursuant to Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(d) The holder of a Right by the acceptance of the Rights expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right, except as otherwise permitted by this Section 13.

Section 14. Rights of Action. All rights of action in respect of this Agreement are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Stock), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Stock), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act respect of, his right to exercise the Rights evidenced by such Right

-27-

Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations hereunder and injunctive relief against actual or threatened violations of the obligations hereunder of any Person subject to this Agreement.

Section 15. Agreement of Right Holders. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Stock;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer and with the appropriate forms and certificates fully executed, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request;

(c) subject to Section 6 and Section 7(f) hereof, the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be required to be affected by any notice to the contrary;

(d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; provided, however, the Company must use its best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

Section 16. Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be

-28-

deemed for any purpose the holder of the number of shares of Preferred Stock or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 24), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 17. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties

hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent (including the reasonable fees and expenses of counsel), for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises. Anything to the contrary notwithstanding, in no event shall the Rights Agent be liable for special, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage.

The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Right Certificate or certificate for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, instruction, adjustment notice, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

In addition to the foregoing, the Rights Agent shall be protected and shall incur no liability for, or in respect of, any action taken or omitted by it in connection with its administration of this Agreement in reliance upon (i) the proper execution of the certification concerning beneficial ownership appended to the Form of Assignment and the Form of Election to Purchase included as part of Exhibit B hereto (the "Certification"), unless the Rights Agent shall have actual knowledge that, as executed, the Certification is untrue or (ii) the non-execution or failure to complete the Certification including, without limitation, any refusal to

-29-

honor any otherwise permissible assignment or election by reason of such non-execution or failure.

Section 18. Merger or Consolidation or Change of Name of Rights Agent. Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation, succeeding to the corporate trust business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 20. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 19. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with the legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate

-30-

signed by any one of the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own negligence, bad faith or willful misconduct. The issuance or non-issuance of a Right Certificate or Preferred Stock or other security issued in lieu of Preferred Stock in accordance with instructions given to the Rights Agent by the Company pursuant to Section 19(k) hereof or in accordance with the terms hereof shall not constitute negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any adjustment required under the provisions of Section 11 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Preferred Stock or Common Stock to be issued pursuant to this Agreement or any Right Certificate or as to whether any shares of Preferred Stock or Common Stock will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder and certificates delivered

-31-

pursuant to any provision hereof from any one of the Chairman of the Board, the President, any Vice President, the Secretary or the Treasurer of the Company, and is authorized to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer. An application by the Rights Agent for instructions may set forth in writing any action proposed to be taken or omitted by the Rights Agent with respect to its duties and obligations under this Agreement and the date on and/or after which such action shall be taken, and the Rights Agent shall not be liable for any action taken or omitted in accordance with a proposal included in any such application on or after the date specified therein (which date shall not be less than one Business Day after the Company receives such application) without the consent of the Company unless prior to taking or omitting such action, the Rights Agent has received written instructions in response to application specifying the actions to be taken or omitted.

(h) The Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either by itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct; provided, however, reasonable care was exercised in the selection thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has either not been completed or indicates an affirmative response, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting the Company. The Company shall give the Rights Agent prompt written instructions as to the action

-32-

to be taken regarding the Rights Certificates involved. The Rights Agent shall not be liable for acting in accordance with such instructions.

Section 20. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon thirty (30) days' notice in writing mailed to the Company and to each transfer agent of the Preferred Stock and the Common Stock by registered or certified mail, and, at the Company's expense, to the holders of the Right Certificates by first class mail. The Company may remove the Rights Agent or any successor Rights Agent upon thirty (30) days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Preferred Stock and the Common Stock by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the

Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the Company shall become the temporary Rights Agent and the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the State of New York (or of any other state of the United States so long as such corporation is authorized to do business as a banking or trust institution in the State of New York), in good standing, having a principal office in the State of New York, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by federal or state authority or which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$25 million. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Preferred Stock and the Common Stock, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 20, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 21. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board

-33-

of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of shares of Common Stock following the Distribution Date and prior to the redemption or expiration the Rights, the Company (a) shall, with respect to shares of Common Stock so issued or sold pursuant to the exercise of stock options or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities hereinafter issued by the Company, and (b) may, in any other case, if deemed necessary or appropriate by the Board of Directors of the Company, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (i) no such Right Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued, and (ii) no such Right Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 22. Redemption and Termination. (a) The Board of Directors of the Company may, at its option, at any time prior to such time as any Person becomes an Acquiring Person, redeem all but not less than all of the then outstanding Rights at a redemption price of \$.01 per Right as appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"). The Company may, at its option, pay the Redemption Price either in shares of its Common Stock (valued at their Current Market Price as defined in Section 11(d)(i) on the date of the redemption), other securities, cash or other assets. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish.

(b) In deciding whether or not to exercise the Company's right of redemption hereunder, the Board of Directors of the Company shall act in good faith, in a manner they reasonably believe to be in the best interests of the Company and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances, and they may consider the long-term and short-term effects of any action upon employees, customers and creditors of the Company and upon communities in which offices or other establishments of the Company are located, and all other pertinent factors.

(c) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price for each Right held. Within 10 days after the action of the Board of Directors ordering the redemption of the Rights, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such

-34-

notice to the Rights Agent and to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 22, and other than in

connection with the repurchase of Common Stock prior to the Distribution Date.

Section 23. Exchange. (a) The Board of Directors of the Company may, at its option, at any time and from time to time on or after a Section 11(a)(ii) Event, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 7(e) hereof) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio").

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to Section 23(a) and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. Promptly after the action of the Board of Directors ordering an exchange of the Rights, the Company shall give notice of any such exchange to the Rights Agent and the holders of the then outstanding Rights by mailing such notice to all such holders at each holder's last address as it appears upon the registry books of the Rights Agent; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 7(e) hereof) held by each holder of Rights.

(c) In any exchange pursuant to this Section 23, the Company, at its option, may substitute shares of Preferred Stock (or Equivalent Preferred Stock, as such term is defined in Section 11(b) hereof) for shares of Common Stock exchangeable for the Rights, at the initial rate of one one-thousandth of a share of Preferred Stock (or Equivalent Preferred Stock) for each share of Common Stock, as appropriately adjusted to reflect adjustments in the dividend rights of the Preferred Stock pursuant to the terms thereof.

-35-

(d) In the event that there shall not be sufficient shares of Common Stock or Preferred Stock issued, but not outstanding, or authorized but unissued, to permit any exchange of Rights as contemplated in accordance with this Section 23 or that any regulatory actions or approvals are required in connection therewith, the Company shall take all such action as may be necessary to authorize additional Common Stock or Preferred Stock for issuance upon exchange of the Rights.

(e) The Company shall not be required to issue fractional shares of Common Stock or to distribute certificates which evidence fractional shares of Common Stock pursuant to this Section 23. In lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares of Common Stock would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole share of Common Stock. For the purposes of this Section 23(e), the current market value of a whole share of Common Stock shall be the closing price of a share of Common Stock (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 23.

(f) In any exchange pursuant to this Section 23, the Company, at its option, may substitute for any share of Common Stock exchangeable for a Right (i) Common Stock Equivalents (ii) cash, (iii) debt securities of the Company, (iv) other assets, or (v) any combination of the foregoing, having an aggregate value which a majority of the Independent Directors and the Board of Directors of the Company shall have determined in good faith to be equal to the Current Market Price of one share of Common Stock (determined pursuant to Section 11(d) hereof) on the Trading Date immediately preceding the date of exchange pursuant to this Section 23.

Section 24. Notice of Certain Events. In case the Company shall propose at any time following the Distribution Date (a) to pay any dividend payable in stock of any class to the holders of Preferred Stock or to make any other distribution to the holders of Preferred Stock (other than a regular periodic cash dividend), or (b) to offer to the holders of Preferred Stock rights or warrants to subscribe for or to purchase any additional shares of Preferred Stock or shares of stock of any class or any other securities, rights or options, or (c) to effect any reclassification of Preferred Stock (other than a reclassification involving only the subdivision of outstanding Preferred Stock), or (d) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to the Rights Agent and to each holder of a Right, in accordance with Section 25, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, distribution of rights or Rights, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (a) or (b) above at least twenty (20) days

-36-

prior to the record date for determining holders of the Preferred Stock for purposes of such action, and in the case of any such other action, at least twenty (20) days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Preferred Stock, whichever shall be the earlier.

In case a Section 11(a)(ii) Event shall occur, then, in any such case, the

Company shall as soon as practicable thereafter give to the Rights Agent and to each holder of a Right, to the extent feasible and in accordance with Section 25, a notice of the occurrence of such event, which shall specify the event and the consequences of the event to holders of Rights under Section 11(a)(ii) and all references in the preceding paragraph to Preferred Stock shall be deemed to thereafter refer to Common Stock and/or other securities, as the case may be.

Section 25. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

TriMas Corporation  
39400 Woodward Ave., Suite 130  
Bloomfield Hills, Michigan 48304  
Attention: General Counsel

Subject to the provisions of Section 20, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

[ ]

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 26. Supplements and Amendments. Prior to the earlier of the Distribution Date or the Shares Acquisition Date, the Company may, in its sole and absolute discretion, from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates. From and after the earlier of the Distribution Date or the Shares Acquisition Date, and subject to the penultimate sentence of this Section 26, the Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order (i) to cure any ambiguity, (ii) to correct or supplement any provision

-37-

contained herein which may be defective or inconsistent with any other provisions herein, or (iii) to shorten or lengthen any time period, or (iv) to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Right Certificates (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person). Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 26, the Rights Agent shall execute such supplement or amendment unless the Rights Agent shall have determined in good faith that such supplement or amendment would adversely affect its interests under this Agreement. Notwithstanding anything in this Agreement to the contrary, no supplement or amendment shall be made on or after the Distribution Date which changes the Redemption Price, the Final Expiration Date, the Purchase Price or the number of shares of Preferred Stock for which a Right is then exercisable.

Section 27. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 28. Determinations and Actions by the Board of Directors. For all purposes of this Agreement, any calculation of the number of shares of Voting Stock outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding shares of Voting Stock of which any Person is the Beneficial Owner, shall be made in accordance with the provisions of Rule 13d-3(d)(1)(i) of the General Rules and Regulations under the Exchange Act. The Board of Directors of the Company shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board or the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement, and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or not redeem the Rights or to amend the Agreement). All such actions, calculations, interpretations and determinations (including, for the purpose of clause (ii) below, all omissions with respect to the foregoing) which are done or made by the Board in good faith, shall (i) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Right Certificates and all other parties, and (ii) not subject the Board to any liability to the holders of the Right Certificates.

Section 29. Benefits of This Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, registered holders of the Common Stock).

-38-

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated;

provided, however, that notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board of Directors of the Company determines in its good faith judgment that severing the invalid language from this Agreement would adversely affect the purpose or effect of this Agreement, the right of redemption set forth in Section 22 hereof shall be reinstated and shall not expire until the close of business on the tenth day following the date of such determination by the Board of Directors.

Section 31. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State except that the rights, duties and obligations of the Rights Agent under this Agreement shall be governed by the laws of the State of New York.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

-39-

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written. [SEAL]

TRIMAS CORPORATION

Attest

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

[SEAL]

[ \_\_\_\_\_ ]  
as Rights Agent

Attest:

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

EXHIBIT A

Series A Junior Participating Preferred Stock  
(Liquidation Preference \$10.00 Per Share)

FORM OF

CERTIFICATE OF DESIGNATION

TRIMAS CORPORATION

-----

Certificate of Designation of Board of Directors Classifying  
and Designating a Series of Preferred Stock as  
Series A Junior Participating Preferred Stock  
and Fixing Distribution and  
Other Preferences and Rights of Such Series

-----

Dated as of [ ], 2004

TRIMAS CORPORATION

-----  
Certificate of Designation of Board of Directors Classifying  
and Designating a Series of Preferred Stock as

Series A Junior Participating Preferred Stock  
and Fixing Distribution and  
Other Preferences and Rights of Such Series

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

-----  
TriMas Corporation, a Delaware corporation, having its principal office in the State of Michigan in the City of Bloomfield Hills (the "Company"), hereby certifies that:

Pursuant to authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation ("Charter") and Bylaws of the Company, the Board of Directors at a meeting duly convened and held on [ ], 2004, adopted the following resolution creating a series of shares of preferred stock designated as Series A Junior Participating Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the Amended and Restated Certificate of Incorporation, a series of Preferred Stock of the Corporation be and it is hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Number of Shares and Designation. This class of Preferred Stock shall be designated the Series A Junior Participating Preferred Stock (the "Series A Preferred Shares") and the number of shares which shall constitute such series shall be shares, par value \$.01 per share. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of Series A Preferred Shares to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Company convertible into Series A Preferred Shares.

Section 2. Dividend Rights. (1) Subject to the rights of holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Shares with respect to dividends, the holders of Series A Preferred Shares shall be entitled

A-1

prior to the payment of any dividends on shares ranking junior to the Series A Preferred Shares to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, annual dividends payable in cash on the first business day in each year (each such date being referred to herein as a "Dividend Payment Date"), commencing on the first Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Shares, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$10.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions (other than a dividend payable in shares of common stock, par value \$.01 per share, of the Company (the "Common Stock") or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise)) declared on the Common Stock since the immediately preceding Dividend Payment Date, or, with respect to the first Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Shares. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of Series A Preferred Shares were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) The Company shall declare a dividend or distribution on the Series A Preferred Shares as provided in subparagraph (1) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Dividend Payment Date and the next subsequent Dividend Payment Date, a dividend of \$10.00 per share on the Series A Preferred Shares shall nevertheless be payable on such subsequent Dividend Payment Date.

(3) Dividends shall begin to accrue and be cumulative on outstanding Series A Preferred Shares from the Dividend Payment Date next preceding the date of issue of such Series A Preferred Shares, unless the date of issue of such shares is prior to the record date for the first Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Shares entitled to receive a quarterly dividend and before such Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for



the determination of holders of Series A Preferred Shares entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

A-2

Section 3. Liquidation. (1) Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Shares unless, prior thereto, the holders of shares of Series A Preferred Shares shall have received \$10.00 per share (the "Series A Liquidation Preference"), plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment. Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Preferred Shares unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 1,000 (as appropriately adjusted as set forth in subparagraph (3) below to reflect such events as stocks splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding Series A Preferred Shares and shares of Common Stock, respectively, holders of Series A Preferred Shares and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to the Series A Preferred Shares and Common Stock, on a per share basis, respectively.

(2) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Preferred Shares, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(3) In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 4. No Redemption. The Series A Preferred Shares shall not be redeemable.

Section 5. Voting Rights. The holders of Series A Preferred Shares shall have the following voting rights:

(1) Subject to the provision for adjustment hereinafter set forth, each Series A Preferred Share shall entitle the holder thereof to 1,000 votes on all matters voted on at a meeting of the stockholders of the Company. In the event the Company shall at any time (i) declare or pay any dividend on Common Stock payable in shares of Common Stock,

A-3

or (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of Series A Preferred Shares were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) Except as otherwise provided herein or by law, the holders of Series A Preferred Shares and the holders of shares of Common Stock and any other capital stock of the Company having general voting rights shall vote together as one voting group on all matters submitted to a vote of stockholders of the Company.

(3) Except as set forth herein or as otherwise provided by law, holders of Series A Preferred Shares shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 6. Certain Restrictions.

(1) Whenever dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on Series A Preferred Shares outstanding shall have been paid in full, the Company shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Shares;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Shares, except dividends paid ratably on the Series A Preferred Shares and all such parity stock on which dividends are payable or in arrears in proportion to

the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Shares, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Shares; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Shares or any shares of stock ranking on a parity with the Series A Preferred Shares, except in accordance with a purchase offer made in writing or by publication (as

A-4

determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(2) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under subparagraph (1) of this Section 6, purchase or otherwise acquire such shares at such time and in such manner.

Section 7. Reacquired Shares. Any Series A Preferred Shares purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein or in the Charter.

Section 8. Merger, Consolidation, etc. In case the Company shall enter into any merger, consolidation, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each Series A Preferred Share shall at the same time be similarly exchanged or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of Series A Preferred Shares shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 9. Ranking. The Series A Preferred Shares shall rank, with respect to the payment of dividends and distribution of assets, junior to all series of any other class of the Company's Preferred Stock unless the terms of any such series shall provide otherwise.

Section 10. Fractional Shares. Series A Preferred Shares may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Shares.

Section 11. Amendment. The Charter, including this Certificate of Designation establishing the rights and preferences of the Series A Preferred Shares, shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Shares so as to affect them adversely without the affirmative vote of the

A-5

holders of a majority of the outstanding shares of Series A Preferred Shares, voting separately as one voting group.

A-6

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed in its name and on its behalf and attested to by the undersigned on this [ ]th day of , 2004 and the undersigned acknowledges under the penalties of perjury that this Certificate of Designation is the corporate act of said Company and that to the best of his knowledge, information and belief, the matters and facts set forth herein are true in all material respects.

TRIMAS CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Attest:

Name:  
Title:

A-7

EXHIBIT B

[Form of Rights Certificate]

Certificate No. R- \_\_\_\_\_ Rights

NOT EXERCISABLE AFTER [ ], 2014 OR EARLIER IF NOTICE OF REDEMPTION IS GIVEN. THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, AT \$.01 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) AND ANY SUBSEQUENT HOLDER MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHT CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS OR BECAME AN ACQUIRING PERSON OR AN ASSOCIATE OR AFFILIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT). ACCORDINGLY, THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECOME NULL AND VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 7(e) OF THE RIGHTS AGREEMENT.]

TriMas Corporation

Right Certificate

This certifies that \_\_\_\_\_, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of [ ], 2004 (the "Rights Agreement") between TriMas Corporation, a Delaware corporation (the "Company"), and [ ], a [ ] (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M. (New York City time) on [ ], 2014 at the designated office of the Rights Agent, or its successors as Rights Agent, in New York, New York, one one-thousandth of a fully paid non-assessable share of the Series A Junior Participating Preferred Stock, par value \$.01 per share (the "Preferred Stock"), of the Company, at a purchase price of \$[ ] per one one-thousandth of a share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase and related certificate duly executed, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request. The number of Rights evidenced by this Right Certificate (and the number of shares which may be purchased upon exercise thereof) set forth above, and the Purchase Price

B-1

per share set forth above, are the number and Purchase Price as of June [ ], 2004, based on the Preferred Stock of the Company as constituted at such date.

Upon the occurrence of a Section 11(a)(ii) Event (as such term is defined in the Rights Agreement), if the Rights evidenced by this Right Certificate are beneficially owned by (i) an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined in the Rights Agreement), (ii) a transferee of any such Acquiring Person, Associate or Affiliate, or [(iii) under certain circumstances specified in the Rights Agreement, a transferee of a person who after such transfer, became an Acquiring Person,] or an Affiliate or Associate of an Acquiring Person, such Rights shall become null and void and no holder hereof shall have any right with respect to such Rights from and after the occurrence of such Section 11(a)(ii) Events.

As provided in the Rights Agreement, the Purchase Price and the number and kind of shares of Preferred Stock (or, in certain circumstances, common stock and/or other securities) which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events, including Section 11(a)(ii) Event.

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the above-mentioned office of the Rights Agent, and at the executive offices of the Company.

This Right Certificate, with or without other Right Certificates, upon surrender at the designated office of the Rights Agent, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of one one-thousandth of a share of Preferred Stock as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof, along with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request, another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be (i) redeemed by the Company at a redemption price of \$.01 per Right or (ii) exchanged by the Company in whole or in part for shares of common stock or Preferred Stock.

No fractional shares of Preferred Stock will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one

B-2

one-thousandth of a share of Preferred Stock), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or, to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

B-3

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of .

[SEAL]

ATTEST: TRIMAS CORPORATION

By: Name: Title: By: Name: Title:

Countersigned:

[ ] , as Rights Agent

By: Authorized Signature

Date:

B-4

[Form of Reverse Side of Right Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED

hereby sells, assigns and transfers unto

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: ,

Signature

Signature Guaranteed:

CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Right Certificate [ ] is [ ] is not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it [ ] did [ ] did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: \_\_\_\_\_, \_\_\_\_\_

-----  
Signature

Signature Guaranteed: \_\_\_\_\_

NOTICE

The signature to the foregoing Assignment and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise Rights evidenced by the Right Certificate.)

TriMas Corporation:

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ Rights represented by this Right Certificate to purchase the shares of the Preferred Stock issuable upon the exercise of such Rights (or such other securities of the Company or of any other Person which may be issuable upon the exercise of the Rights) and requests that certificates for such shares be issued in the name of:

Please insert social security or other taxpayer identifying number

-----  
(Please print name and address)  
-----

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security or other taxpayer identifying number

-----  
(Please print name and address)  
-----

Dated: \_\_\_\_\_, \_\_\_\_\_

-----  
Signature

Signature Guaranteed: \_\_\_\_\_

CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate [ ] are [ ] are not being exercised by or on behalf of a Person who is or was an Acquiring Person or

an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it [ ] did [ ] did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: \_\_\_\_\_, \_\_\_\_\_  
Signature

Signature Guaranteed: \_\_\_\_\_

NOTICE

The signature to the foregoing Election to Purchase and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

B-8

EXHIBIT C

SUMMARY OF RIGHTS TO PURCHASE  
PREFERRED STOCK

The Board of Directors of TriMas Corporation (the "Company") has declared a dividend distribution of one Right for each outstanding share of Common Stock, \$0.01 par value (the "Common Stock"), of the Company. The distribution is payable to holders of record on \_\_\_\_\_, 2004 (the "Record Date"). Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock (the "Preferred Stock"), at a price of \$[ ] per one one-thousandth of a share (the "Exercise Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") between the Company and [ ], as Rights Agent (the "Rights Agent"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Rights Agreement.

Distribution Date; Transfer of Rights

Until the earlier to occur of (i) ten Business Days following the date (the "Shares Acquisition Date") of public announcement that a person or group of affiliated or associated persons, subject to certain exceptions (an "Acquiring Person") acquired, or obtained the right to acquire, beneficial ownership of Common Stock or other voting securities ("Voting Stock") that have 15% or more of the voting power of the outstanding shares of Voting Stock or (ii) ten Business Days (or such later date as may be determined by action of the Board of Directors prior to the time any person or group of affiliated persons becomes an Acquiring Person) following the commencement or announcement of an intention to make a tender offer or exchange offer the consummation of which would result in such person or group acquiring, or obtaining the right to acquire, beneficial ownership of Voting Stock having 15% or more of the voting power of the outstanding shares of Voting Stock (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Company's Common Stock certificates outstanding as of the Record Date, by such Common Stock certificates. The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Company's Common Stock. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Stock certificates issued after the Record Date upon transfer or new issuance of the Company's Common Stock will contain a notation incorporating the Rights Agreement by reference. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Company's Common Stock as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights. The Rights Agreement provides that, as defined therein, the term

C-1

"Acquiring Person" shall not include any Heartland Stockholder and any Metaldyne Stockholder.

The Rights are not exercisable until the Distribution Date. The Rights will expire at the close of business on [ ], 2014, unless earlier redeemed or exchanged by the Company as described below.

Exercise of Rights for Common Stock of the Company

In the event that a Person becomes an Acquiring Person, each holder of a Right will thereafter have the right to receive, upon exercise, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the Exercise Price of the Right. Notwithstanding any of the foregoing, following the occurrence of the event set forth in this paragraph, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person will be null and void.

Adjustments to Exercise Price

The Exercise Price payable, and the number of shares of Preferred Stock (or Common Stock or other securities, as the case may be) issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or

reclassification of the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for shares of the Preferred Stock or convertible securities at less than the current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends out of earnings or retained earnings or dividends payable in the Preferred Stock) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustment in the Exercise Price will be required until the earlier of (i) three years from the date of the event giving rise to such adjustment and (ii) the time at which cumulative adjustments require an adjustment of at least 1% in such Exercise Price. No fractional shares will be issued (other than fractional shares which are integral multiples of one one-thousandth of a share of Preferred Stock) and, in lieu thereof, an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise.

#### Redemption and Exchange of Rights

At any time after the occurrence of the event set forth under the heading "Exercise of Rights for Common Stock of the Company" above, the Board of Directors may exchange the Rights (other than Rights owned by the Acquiring Person which shall have become

C-2

void), in whole or in part, at an exchange ratio of one share of Common Stock (or a fraction of a share of Preferred Stock having the same market value) per Right (subject to adjustment).

At any time prior to the Shares Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price. The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish.

Until a Right is exercised or exchanged, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

#### Terms of the Preferred Stock

The Preferred Stock will rank junior to all other series of the Company's preferred stock with respect to payment of dividends and as to distributions of assets in liquidation. Each share of Preferred Stock will have an annual dividend rate per share equal to the greater of \$10.00 or 1,000 times the per share amount of any dividend (other than a dividend payable in shares of Common Stock or a subdivision of the Common Stock) declared from time to time on the Common Stock, subject to certain adjustments. The Preferred Stock will not be redeemable. In the event of liquidation, the holders of the Preferred Stock will be entitled to receive a preferred liquidation payment per share of \$10.00 (plus accrued and unpaid dividends) or, if greater, an amount equal to 1,000 times the payment to be made per share of Common Stock, subject to certain adjustments. Generally, each share of Preferred Stock will vote together with the Common Stock and any other series of cumulative preferred stock entitled to vote in such manner and will be entitled to 1,000 votes, subject to certain adjustments. In the event of any merger, consolidation, combination or other transaction in which shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or other property, each share of Preferred Stock will be entitled to receive 1,000 times the aggregate amount of stock, securities, cash and/or other property, into which or for which each share of Common Stock is changed or exchanged, subject to certain adjustments. The foregoing dividend, voting and liquidation rights of the Preferred Stock are protected against dilution in the event that additional shares of Common Stock are issued pursuant to a stock split or stock dividend or distribution. Because of the nature of the Preferred Stock's dividend, voting, liquidation and other rights, the value of the one one-thousandth of a share of Preferred Stock purchasable with each Right is intended to approximate the value of one share of Common Stock.

C-3

#### Amendments to Terms of the Rights

Any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board in order to shorten or lengthen any time period; cure any ambiguity, defect or inconsistency or make changes which do not adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person); provided, however, that no supplement or amendment may be made after the Distribution Date which changes those provisions relating to the principal economic terms of the Rights.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to Amendment No. 3 to the registration statement on Form S-1 originally filed on March 24, 2004. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is hereby incorporated herein by reference.

C-4

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "Agreement") is effective as of \_\_\_\_\_, 2004, by and among TriMas Corporation, a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Indemnitee").

WHEREAS, the Indemnitee is serving the Company in a "Corporate Status," as defined herein;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify persons serving it in a Corporate Status to the fullest extent permitted by applicable law so that they will serve or continue to serve in such status free from undue concern that they will not be so indemnified;

WHEREAS, the Indemnitee is willing to serve and continue to serve the Company in a Corporate Status on the condition that he be so indemnified; and

WHEREAS, to the extent permitted by law, this Agreement is a supplement to and in furtherance of the provisions of the Amended and Restated Certificate of Incorporation of the Company (the "Certificate") and the provisions of the Bylaws of the Company (the "Bylaws") or resolutions adopted pursuant thereto, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of the Indemnitee thereunder.

NOW THEREFORE, in consideration of the premises and the covenants contained herein, the Company and the Indemnitee do hereby covenant and agree as follows:

Section 1. Services by the Indemnitee. The Indemnitee agrees to continue to serve the Company in a Corporate Status. Notwithstanding the foregoing, the Indemnitee may at any time and for any reason resign from any such position.

Section 2. Indemnification - General. The Company shall indemnify, and advance Expenses (as hereinafter defined) to, the Indemnitee as provided in this Agreement and to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. The rights of the Indemnitee provided under the preceding sentence shall include, but shall not be limited to, the rights set forth in the other Sections of this Agreement.

Section 3. Proceeding Other Than Proceedings by or in the Right of the Company. The Indemnitee shall be entitled to the rights of indemnification provided in this Section 3 if, by reason of his Corporate Status (as hereinafter defined), he is, or is threatened to be made, a party to or participant in any threatened, pending or completed Proceeding (as hereinafter defined), other than a Proceeding by or in the right of the Company. Pursuant to this Section 3, the Company shall indemnify the Indemnitee

against Expenses, judgments, penalties, fines and amounts paid in settlement (as and to the fullest extent permitted hereunder) actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal Proceeding, if he also had no reasonable cause to believe his conduct was unlawful.

Section 4. Proceedings by or in the Right of the Company. The Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any threatened, pending or completed Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company shall indemnify the Indemnitee against Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Company. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which the law prohibits such indemnification, provided, however, that if applicable law so permits, indemnification against Expenses shall nevertheless be made by the Company in such event if and to the extent that the court in which such Proceeding shall have been brought or is pending, shall so determine.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful.

(a) To the extent that the Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, the Company shall indemnify the Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If the Indemnitee is not wholly successful in defense of any Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify the Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each such claim, issue or matter as to which the Indemnitee is successful, on the merits or otherwise. For purposes of this Section 5(a), the term "successful, on the merits or otherwise," shall include, but shall not be limited to, (i) the termination of any claim, issue or matter in a Proceeding by withdrawal or dismissal, with or without prejudice, (ii) termination of any claim, issue or matter in a Proceeding by any other means without any express finding of liability or guilt against the Indemnitee, with or without prejudice, (iii) the expiration of 120 days after the making of a claim or threat of a Proceeding without the institution of the same and without any promise or payment made to induce a settlement or (iv) the settlement of any claim, issue or matter in a Proceeding pursuant to which the Indemnitee pays less than \$200,000. The provisions of this Section 5(a) are subject to Section 5(b) below.



(b) In no event shall the Indemnitee be entitled to indemnification under Section 5(a) above with respect to a claim, issue or matter to the extent (i) applicable law prohibits such indemnification, or (ii) an admission is made by the Indemnitee in writing to the Company or in such Proceeding or a final, non-appealable determination is made in such Proceeding that the standard of conduct required for indemnification under this Agreement has not been met with respect to such claim, issue or matter.

Section 6. Indemnification for Expenses as a Witness. Notwithstanding any provisions herein to the contrary, to the extent that the Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding, the Company shall indemnify the Indemnitee against all Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection therewith.

Section 7. Advancement of Expenses. The Company shall advance all reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding within 10 days after the receipt by the Company of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after the final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by or on behalf of the Indemnitee. The Indemnitee hereby expressly undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined by a final, non-appealable adjudication or arbitration decision that the Indemnitee is not entitled to be indemnified against such Expenses. All amounts advanced to the Indemnitee by the Company pursuant to this Section 7 shall be without interest. The Company shall make all advances pursuant to this Section 7 without regard to the financial ability of the Indemnitee to make repayment, without bond or other security and without regard to the prospect of whether the Indemnitee may ultimately be found to be entitled to indemnification under the provisions of this Agreement. Any required reimbursement of Expenses by the Indemnitee shall be made by the Indemnitee to the Company with 10 days following the entry of the final, non-appealable adjudication or arbitration decision pursuant to which it is determined that the Indemnitee is not entitled to be indemnified against such Expenses.

Section 8. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request therefore, along with such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Chairman of the Board or the Audit Committee in writing that the Indemnitee has requested indemnification.

(b) Upon written request by the Indemnitee for indemnification pursuant to the first sentence of Section 8(a) hereof, a determination, if required by applicable law, with respect to the Indemnitee's entitlement thereto shall be made in the specific case: (i) by the Board by a majority vote of a quorum consisting of Disinterested Directors (as

hereinafter defined); or (ii) if a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so direct, by Independent Counsel (as hereinafter defined), as selected pursuant to Section 8(d), in a written opinion to the Board (which opinion may be a "more likely than not" opinion), a copy of which shall be delivered to the Indemnitee. If it is so determined that the Indemnitee is entitled to indemnification, the Company shall make payment to the Indemnitee within 10 days after such determination. The Indemnitee shall cooperate with the Person or Persons making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such Person or Persons upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Subject to the provisions of Section 10 hereof, any costs or expenses (including reasonable attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the Person or Persons making such determination shall be borne by the Company, and the Company hereby agrees to indemnify and hold the Indemnitee harmless therefrom.

(c) Notwithstanding the foregoing, if a Change of Control has occurred, the Indemnitee may require a determination with respect to the Indemnitee's entitlement to indemnification to be made by Independent Counsel, as selected pursuant to Section 8(d), in a written opinion to the Board, or the Audit Committee thereof (which opinion may be a "more likely than not" opinion), a copy of which shall be delivered to the Indemnitee.

(d) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b) or (c) hereof, the Independent Counsel shall be selected as provided in this Section 8(d). If a Change of Control shall not have occurred, the Independent Counsel shall be selected by the Board (including a vote of a majority of the Disinterested Directors if obtainable), and the Company shall give written notice to the Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change of Control shall have occurred, the Independent Counsel shall be selected by the Indemnitee unless the Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply, and approved by the Company (which approval shall not be unreasonably withheld). If (i) an Independent Counsel is to make the determination of entitlement pursuant to Section 8(b) or (c) and (ii) within 20 days after submission by the Indemnitee of a written request for indemnification pursuant to Section 8(a) hereof, no Independent Counsel shall have been selected, either the Company of the Indemnitee may petition the appropriate court of the State (as hereafter defined) or other court of competent jurisdiction for the appointment as Independent Counsel of a Person selected by such court or by such

other Person as such court shall designate. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 8(b) or (c) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 8(d), regardless of the commencement of any judicial proceeding or arbitration pursuant to Section 10(a)(iv) of this Agreement, Independent Counsel shall be discharged and relieved of any further

4

responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

#### Section 9. Presumptions and Effect of Certain Proceedings; Construction of Certain Phrases.

(a) In making a determination with respect to whether the Indemnitee is entitled to indemnification hereunder, the Reviewing Party making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted a request for indemnification in accordance with Section 8(a) of this Agreement, and anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence.

(b) Subject to the terms of Section 16 below, the termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful.

(c) For purposes of any determination of the Indemnitee's entitlement to indemnification under this Agreement or otherwise, the Indemnitee shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal Proceeding, to have also had no reasonable cause to believe his conduct was unlawful, if the Indemnitee's action is based on the records or books of account of the Company or another enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of the Company or another enterprise in the course of their duties or on the advice of legal or financial counsel for the Company or the Board (or any committee thereof) or for another enterprise of its board of directors (or any committee thereof), or on information or records given or reports made by an independent certified public accountant or by an appraiser or other expert selected by the Company or the Board (or any committee thereof) or by another enterprise or its board of directors (or any committee thereof). For purposes of this Section 9(c), the term "another enterprise" means any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which the Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent. The provisions of this Section 9(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of the Company shall not be imputed to the Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 9(c) are satisfied, it

5

shall in any event be presumed that the Indemnitee has acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal Proceeding, that he also had no reasonable cause to believe his conduct was unlawful. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence.

(d) For purposes of this Agreement, reference to "fines" shall include any excise taxes assessed on the Indemnitee with respect to an employee benefit plan; references to "serving at the request of the Company" shall include, but shall not be limited to, any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, the Indemnitee with respect to an employee benefit plan, its participants or its beneficiaries; and if the Indemnitee has acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, he shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as used in this Agreement. The provisions of this Section 9(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

#### Section 10. Remedies of the Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 8 of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 7 of this Agreement, (iii) the determination of entitlement to indemnification is to be made by the Board pursuant to Section 8(b) of this Agreement and such determination shall not have been made and delivered to the Indemnitee in writing within twenty (20) days after receipt by the Company of the request for indemnification, (iv) the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b) or (c) of this Agreement and such determination shall not have been made in a written opinion to the Board and a copy delivered to the Indemnitee within forty-five (45) days after receipt by the Company of the request for indemnification, (v) payment of indemnification is not made pursuant to Section 6 of this Agreement within 10 days after receipt by the Company of a written request therefore or (vi) payment of indemnification is not made within 10 days after a determination has been made that the Indemnitee is entitled to

indemnification or such determination is deemed to have been made pursuant to Section 8 or 9 of this Agreement, the Indemnitee shall be entitled to an adjudication in an appropriate court of the State of his entitlement to such indemnification or advancement of Expenses. Alternatively, the Indemnitee, at his sole option, may seek and award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. The Indemnitee shall commence such Proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which the Indemnitee first has the right to commence such Proceeding pursuant to this Section 10(a); provided, however, that the foregoing clause shall not apply in respect of a

6

Proceeding brought by the Indemnitee to enforce his rights under Section 5 of this Agreement.

(b) In the event that a determination is made pursuant to Section 8 of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a de novo trial or a de novo arbitration (as applicable) on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 10, the Company shall have the burden of proving that the Indemnitee is not entitled to indemnification, and the Company shall be precluded from referring to or offering into evidence a determination made pursuant to Section 8 of this Agreement that is adverse to the Indemnitee's right to indemnification. If the Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 10, the Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 7 until a final determination is made with respect to the Indemnitee's entitlement to indemnification (as to which rights of appeal have been exhausted or lapsed).

(c) If a determination is made or deemed to have been made pursuant to Section 8 or 9 of this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 10, absent (i) a misstatement by the Indemnitee of a material fact, or an admission by the Indemnitee of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(e) In the event that the Indemnitee, pursuant to this Section 10, seeks a judicial adjudication or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by him in such judicial adjudication or arbitration, unless the court or arbitrator determines that each of the Indemnitee's claims in such Proceeding were made in bad faith or were frivolous. In the event that a Proceeding is commenced by or in the right of the Company against the Indemnitee to enforce or interpret any of the terms of this Agreement, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by him in such Proceeding (including with respect to any counter-claims or cross-claims made by the Indemnitee against the Company in such Proceeding), unless the court or arbitrator determines that each of the

7

Indemnitee's material defenses in such Proceeding were made in bad faith or were frivolous.

(f) Any judicial adjudication or arbitration determined under this Section 10 shall be final and binding on the parties.

Section 11. Defense of Certain Proceedings. In the event the Company shall be obligated under this Agreement to pay the Expenses of any Proceeding against the Indemnitee in which the Company is a co-defendant with the Indemnitee, the Company shall be entitled to assume the defense of such Proceeding, with counsel approved by the Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to the Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Indemnitee shall nevertheless be entitled to employ or continue to employ his own counsel in such Proceeding. Employment of such counsel by the Indemnitee shall be at the cost and expense of the Company unless and until the Company shall have demonstrated to the reasonable satisfaction of the Indemnitee and the Indemnitee's counsel that there is complete identity of issues and defenses and no conflict of interest between the Company and the Indemnitee in such Proceeding, after which time further employment of such counsel by the Indemnitee shall be at the cost and expense of the Indemnitee. In all events, if the Company shall not, in fact, have timely employed counsel to assume the defense of such Proceeding, then the fees and Expenses of the Indemnitee's counsel shall be at the cost and expense of the Company.

Section 12. Exception to Right of Indemnification or Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding, or any claim therein, brought or made by the Indemnitee against:

(a) the Company, except for (i) any claim or Proceeding in respect of this Agreement and/or the Indemnitee's rights hereunder, (ii) any claim or Proceeding to establish or enforce a right to indemnification under any statute, law or policy of insurance and (iii) any counter-claim or cross-claim brought or made by him against the Company in any Proceeding brought by or in the right of the Company against him; or

(b) any other Person, except for Proceedings or claims approved by the Board.

8

#### Section 13. Contribution.

(a) If, with respect to any Proceeding, the indemnification provided for in this Agreement is held by a court of competent jurisdiction to be unavailable to the Indemnitee for any reason other than that the Indemnitee did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to a criminal Proceeding, that the Indemnitee had reasonable cause to believe his conduct was unlawful, the Company shall contribute to the amount of Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein in such proportion as is appropriate to reflect the relative benefits received by the Indemnitee and the relative fault of the Indemnitee versus the other defendants or participants in connection with the action or inaction which resulted in such Expenses, judgments, penalties, fines and amounts paid in settlement, as well as any other relevant equitable considerations.

(b) The Company and the Indemnitee agree that it would not be just and equitable if contribution pursuant to this Section 13 were determined by pro rata or per capita allocation or by any other method of allocation which does not take into account the equitable considerations referred to in Section 13(a) above.

(c) No person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation.

#### Section 14. Officer and Director Liability Insurance.

(a) The Company shall use all commercially reasonable efforts to obtain and maintain in effect during the entire period for which the Company is obligated to indemnify the Indemnitee under this Agreement, one or more policies of insurance with reputable insurance companies to provide the directors and officers of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. In all such insurance policies, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that the Indemnitee is covered by such insurance maintained by a subsidiary or parent of the Company.

9

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for director or officers of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which the Indemnitee serves at the request of the Company, the Indemnitee shall be named as an insured under and shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for the most favorably insured director or officer under such policy or policies.

(c) In the event that the Company is named insured under any policy or policies of insurance referenced in either Section 14(a) or (b) above, the Company hereby covenants and agrees that it will not settle any claims or Proceeding that may be covered by such policy or policies of insurance and in which the Indemnitee has or may incur Expenses, judgments, penalties, fines or amounts paid in settlement without the prior written consent of the Indemnitee.

Section 15. Security. Upon reasonable request by the Indemnitee, the Company shall provide security to the Indemnitee for the Company's obligations hereunder through an irrevocable bank letter of credit, funded trust or other similar collateral. Any such security, once provided to the Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee, which consent may be granted or withheld at the Indemnitee's sole and absolute discretion.

Section 16. Settlement of Claims. The Company shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Company's written consent, which consent shall not be unreasonably withheld.

Section 17. Duration of Agreement. This Agreement shall be unaffected by the termination of the Corporate Status of the Indemnitee and shall continue for so long as the Indemnitee may have any liability or potential liability by virtue of his Corporate Status, including, without limitation, the final termination of all pending Proceedings in respect of which the Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by the Indemnitee pursuant to Section 10 of this Agreement relating thereto, whether or not he is acting or serving in such capacity at the time any liability or Expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

Section 18. Remedies of the Company. The Company hereby covenants and agrees to submit any and all disputes relating to this Agreement that the parties are unable to resolve between themselves to binding arbitration pursuant to the rules of the American Arbitration Association and waives all rights to judicial adjudication of any matter or dispute relating to this Agreement except where judicial adjudication is requested or required by the Indemnitee.

Section 19. Covenant Not to Sue, Limitation of Actions and Release of Claims. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company (or any of its subsidiaries) against the Indemnitee, his spouse, heirs, executors, personal representatives or administrators after the expiration of two (2) years from the date on which the Corporate Status of the Indemnitee is terminated (for any reason), and any claim or cause of action of the Company (of any of its subsidiaries) shall be within such two-year period; provided, however, that the foregoing shall not apply to any action or cause of action brought or asserted by the Company pursuant to or in respect of this Agreement and shall not constitute a waiver or release of any of the Company's rights under this Agreement.

Section 20. Limitation of Liability. Notwithstanding any other provision of this Agreement, neither party shall have any liability to the other for, and neither party shall be entitled to recover from the other, any consequential, special, punitive, multiple or exemplary damages as a result of a breach of this Agreement.

Section 21. Subrogation. In the event of any payment under this Agreement, the company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 22. No Multiple Recovery. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 23. Definitions. For purposes of this Agreement:

(a) "Affiliate" means with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes hereof, "control" (including, with correlative meaning, the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such Person, by contract or otherwise.

11

(b) "Change of Control" shall mean a change in control of the Company occurring after the date of this Agreement of a nature that would be required to be reported in response to Item 6(a) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement. Without limiting the foregoing, such a Change in Control shall be deemed to have occurred if, after the date of this Agreement, (i) any "person" (as such term is used in Section 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board in office immediately prior to such person attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; (iii) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board; or (iv) approval by the shareholders of the Company of a liquidation or dissolution of the Company.

(c) "Company" means TriMas Corporation, a Delaware corporation.

(d) "Corporate Status" describes the status of an individual who is or was an officer or director of the Company, or is or was serving at the request of the Company as an officer, director, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise.

(e) "Disinterested Director" means a director of the Company who is not and was not a party to, or otherwise involved in, the Proceeding for which indemnification is sought by the Indemnitee.

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(g) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing

to prosecute or defend, investigating or being or preparing to be a witness in a Proceeding.

12

(h) "Independent Counsel" means a law firm or a member of a law firm that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or the Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any Person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

(i) "Person" means a natural person, firm, partnership, joint venture, association, corporation, company, limited liability company, trust, business trust, estate or other entity.

(j) "Proceeding" includes any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative.

(k) "Reviewing Party" shall mean the Person or Persons making the determination pursuant to Section 8(b) or (c).

(l) "State" means the State of Delaware.

Section 24. Non-Exclusivity. The Indemnitee's rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Certificate, the Bylaws, any agreement, a vote of stockholders, a resolution of director or otherwise.

Section 25. Remedies Not Exclusive. No right or remedy herein conferred upon the Indemnitee is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative of and in addition to the rights and remedies given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy of the Indemnitee hereunder or otherwise shall not be deemed an election of remedies on the part of the Indemnitee and shall not prevent the concurrent assertion or employment of any other right or remedy by the Indemnitee.

Section 26. Changes in Law. In the event that a change in applicable law after the date of this Agreement, whether by statute, rule or judicial decision, expands or otherwise increases the right or ability of a Delaware corporation to indemnify a member of its board of directors or an officer, the Indemnitee shall, by this Agreement, enjoy the greater benefits so afforded by such change. In the event that a change in applicable law after the date of this Agreement, whether by statute, rule or judicial decision, narrows or otherwise reduces the right or ability of a Delaware corporation to indemnify a member of its board or directors or an officer, such change shall have no effect on this Agreement.

13

or any of the Indemnitee's rights hereunder, except and only to the extent required by law.

Section 27. Interpretation of Agreement. The Company and the Indemnitee acknowledge and agree that it is their intention that this Agreement be interpreted and enforced so as to provide indemnification to the Indemnitee to the fullest extent now or hereafter permitted by law.

Section 28. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision or provisions held invalid, illegal or unenforceable.

Section 29. Governing Law; Jurisdiction and Venue; Specific Performance.

(a) The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(b) ANY "ACTION OR PROCEEDING" (AS SUCH TERM IS DEFINED BELOW) ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE FILED IN AND LITIGATED OR ARBITRATED SOLELY BEFORE THE COURTS LOCATED IN OR ARBITRATORS SITTING IN THE STATE OF DELAWARE, AND EACH PARTY TO THIS AGREEMENT: (i) GENERALLY AND UNCONDITIONALLY ACCEPTS THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND ARBITRATORS AND VENUE THEREIN, AND WAIVES TO THE FULLEST EXTENT PROVIDED BY LAW ANY DEFENSE OR OBJECTION TO SUCH JURISDICTION AND VENUE BASED UPON THE DOCTRINE OF "FORUM NON CONVENIENS;" AND (ii) GENERALLY AND UNCONDITIONALLY CONSENTS TO SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING BY DELIVERY OF CERTIFIED OR REGISTERED MAILING OF THE SUMMONS AND COMPLAINT IN ACCORDANCE WITH THE NOTICE PROVISIONS OF THIS AGREEMENT. FOR PURPOSES OF THIS SECTION, THE TERM "ACTION OR PROCEEDING" IS DEFINED AS ANY AND ALL CLAIMS, SUITS, ACTIONS, HEARINGS, ARBITRATIONS OR OTHER SIMILAR PROCEEDINGS, INCLUDING APPEALS AND PETITIONS

THEREFROM, WHETHER FORMAL OR INFORMAL, GOVERNMENTAL OR NON-GOVERNMENTAL, OR CIVIL OR CRIMINAL. THE FOREGOING CONSENT TO JURISDICTION SHALL NOT CONSTITUTE GENERAL CONSENT TO SERVICE OF PROCESS IN THE STATE FOR ANY PURPOSE EXCEPT AS PROVIDED ABOVE, AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PERSON OTHER THAN THE PARTIES TO THIS AGREEMENT.

(c) The Company acknowledges that the Indemnitee may, as a result of the Company's breach of its covenants and obligations under this Agreement, sustain immediate and long-term substantial and irreparable injury and damage which cannot be reasonably or adequately compensated by damages at law. Consequently, the Company agrees that the Indemnitee shall be entitled, in the event of the Company's breach or threatened breach of its covenants and obligations hereunder, to obtain equitable relief from a court of competent jurisdiction, including enforcement of each provision of this Agreement by specific performance and/or temporary, preliminary and/or permanent injunctions enforcing any of the Indemnitee's rights, requiring performance by the Company, or enjoining any breach by the Company, all without proof of any actual damages that have been or may be caused to the Indemnitee by such breach or threatened breach and without the posting of bond or other security in connection therewith. The Company waives the claim or defense therein that the Indemnitee has an adequate remedy at law, and the Company shall not allege or otherwise assert the legal position that any such remedy at law exists. The Company agrees and acknowledges that: (i) the terms of this Section 29(c) are fair, reasonable and necessary to protect the legitimate interests of the Indemnitee; (ii) this waiver is a material inducement to the Indemnitee to enter into the transactions contemplated hereby; and (iii) the Indemnitee relied upon this waiver in entering into this Agreement and will continue to rely on this waiver in its future dealings with the Company. The Company represents and warrants that it has reviewed this provision with its legal counsel, and that it has knowingly and voluntarily waived its rights referenced in this Section 29 following consultation with such legal counsel.

Section 30. Nondisclosure of Payments. Except as expressly required by federal securities laws or regulations, or stock exchange rules applicable to the Company, the Company shall not disclose any payments under this Agreement without the prior written consent of the Indemnitee. Any payments to the Indemnitee that must be disclosed shall, unless otherwise required by law, be described only in the Company proxy or information statements relating to special and/or annual meetings of the Company's shareholders, and the Company shall afford the Indemnitee a reasonable opportunity to review all such disclosures and, if requested by the Indemnitee, to explain in such statement any mitigating circumstances regarding the events reported.

Section 31. Notice by the Indemnitee. The Indemnitee agrees to promptly notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder.

Section 32. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and received for by the party to whom said notice or other communication shall have been directed, or (b) mailed by U.S. certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed: (i) If to the Company: TriMas Corporation, 39400 Woodward Avenue, Suite 130, Bloomfield Hills, Michigan 48304, Attention: General Counsel; and (ii) if to any other party hereto, including the Indemnitee, to the address of such party set forth on the signature page hereof; or to such other address as may have been furnished by any party to the other(s), in accordance with this Section 32.

Section 33. Modification and Waiver. No supplement, modification or amendment of this Agreement or any provision hereof shall limit or restrict in any way any right of the Indemnitee under this Agreement with respect to any action taken or omitted by the Indemnitee in his Corporate Status prior to such supplement, modification or amendment. No supplement, modification or amendment of this Agreement or any provision hereof shall be binding unless executed in writing by both of the Company and the Indemnitee. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 34. Headings. The headings of the Sections or paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 35. Gender. Use of the masculine pronoun in this Agreement shall be deemed to include usage of the feminine pronoun where appropriate.

Section 36. Identical Counterparts. This Agreement may be executed in one or more counterparts (whether by original, photocopy or facsimile signature), each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same Agreement. Only one such counterpart executed by the party against whom enforcement is sought must be produced to evidence the existence of this Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the date first above written.

TriMas Corporation

By: \_\_\_\_\_

Printed Name: -----

Title: -----

Address:

Indemnitee:

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Printed Name: -----

Address:



TRIMAS CORPORATION  
DIRECTORS STOCK COMPENSATION PLAN

1. PURPOSES.

The purposes of this TriMas Directors Stock Compensation Plan are to advance the interests of TriMas Corporation ("TriMas" or the "Company") and its shareholders by providing a means to attract, retain and motivate members of the Board of Directors of TriMas upon whose judgment, initiative and efforts the continued success, growth and development of TriMas is dependent.

2. DEFINITIONS.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to any provision of the Code shall be deemed to include successor provisions thereto and regulations thereunder.

(c) "Company" means TriMas Corporation, a corporation organized under the laws of Delaware, or any successor corporation.

(d) "Director" means a non-employee member of the Board.

(e) "Fair Market Value" means, with respect to Shares on any day, the following:

(i) If the Shares are at the time listed or admitted to trading on any stock exchange, then the Fair Market Value shall be the closing selling price per share of Shares on the day preceding the date in question on the stock exchange which is the primary market for the Shares, as such price is officially quoted on such exchange. If there is no reported sale of Shares on such exchange on such date, then the Fair Market Value shall be the closing selling price on the exchange on the last preceding date for which such quotation exists; and

(ii) If the Shares are not at the time listed or admitted to trading on any stock exchange but are traded in the over-the-counter market, the Fair Market Value shall be the closing selling price per share of Shares on the day preceding the date in question, as such price is reported by the National Association of Securities Dealers through the NASDAQ National Market System or any successor system. If there is no reported closing selling price for Shares on such date, then the closing selling price on the last preceding date for which such quotation exists shall be determinative of Fair Market Value.

(f) "Participant" means a Director who has elected to receive Shares or defer compensation under the Plan.

(g) "Plan" means this TriMas Corporation Directors Stock Compensation Plan, as amended from time to time.

(h) "Plan Year" means the calendar year.

(i) "Shares" means the Common Stock, \$.01 par value per share, of the Company.

3. ADMINISTRATION.

The Plan shall be administered by the Board or a committee thereof designated by the Board. Subject to the express provisions of the Plan, the Board or its designated committee shall have full and exclusive authority to interpret the Plan, to make all determinations with respect to the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable in the implementation and administration of the Plan. The interpretation and construction of the Plan by the Board or its designated committee shall be conclusive and binding on all persons.

4. SHARES SUBJECT TO THE PLAN.

(a) Subject to adjustment as provided in Section 6(g), the total number of Shares reserved for issuance under the Plan shall be 100,000.

(b) Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued Shares or treasury Shares, including Shares acquired by purchase in the open market or in private transactions.

5. SHARE ELECTION.

(a) Each Director may make an election in writing on or prior to each December 31 to receive the Director's annual retainer fees payable in the following Plan Year in the form of Shares instead of cash. Unless the Director makes a deferral election pursuant to Section 6 below, any Shares elected shall be payable at the time cash retainer fees are otherwise payable. The number of Shares distributed shall be equal to the amount of the annual retainer fee otherwise payable on such payment date divided by 90% of the Fair Market Value

of a Share on such payment date. Notwithstanding the foregoing, a Director who is first elected or appointed to the Board may make an election under this Section 5 within 60 days of such election or appointment to the Board in respect of annual retainer fees payable after the date of the election. Any election made under this Section 5 shall remain in effect unless and until a new election is made in accordance with the provisions of this Plan.

(b) Notwithstanding any provision of this Plan to the contrary, no elections will be available to any Director under Sections 5(a) or 6 with respect to the Director's annual retainer fee payable for calendar year 2004. The annual retainer fee for each Director for calendar year 2004 shall be paid as soon as practicable following the consummation of the Company's initial public offering and registration of the Shares issuable hereunder, and such annual retainer fee shall be paid in the form of Shares, the number of which shall be determined by dividing the amount of the annual retainer fee by 90% of the initial public offering price per Share in the Company's initial public offering.

#### 6. DEFERRAL ELECTION.

(a) A Director who has elected to receive Shares pursuant to Section 5 above may make an irrevocable election on or before the December 31 immediately preceding the beginning of a Plan Year of the Company, by written notice to the Company, to defer delivery of all or a designated percentage of the Shares otherwise payable as his or her annual retainer for service as a Director for the Plan Year. Notwithstanding the foregoing, a Director who is first elected or appointed to the Board may make an election under this Section 6(a) within 60 days of such election or appointment to the Board in respect of annual retainer fees earned after the date of the election.

(b) Deferrals of Shares hereunder shall continue until the Director notifies the Company in writing, on or prior to the December 31 immediately preceding the commencement of any Plan Year, that he wishes to change his election hereunder.

(c) All shares which a Director elects to defer pursuant to this Section 6 shall be credited in the form of share units to a bookkeeping account maintained by the Company in the name of the Director. Each such unit shall represent the right to receive one Share at the time determined pursuant to the terms of the Plan.

-3-

(d) As of each date on which a cash dividend is paid on Shares, there shall be credited to each account that number of units (including fractional units) determined by: (i) multiplying the amount of such dividend per Share by the number of units in such account; and (ii) dividing the total so determined by the Fair Market Value of a Share on the date of payment of such cash dividend. The additions to a Director's account pursuant to this Section 6(d) shall continue until the Director's account is fully paid.

(e) The account of a Director shall be distributed (in the form of one Share for each Share unit) either (x) in a lump sum at the time of termination of the Director's service on the Board or (y) in up to five annual installments commencing at the time of termination of the director's service on the Board, as elected by the Director. Each Director's distribution election must be made in writing within the later of (A) 60 days after the Effective Date of this Plan, or (B) 60 days after the Director first becomes eligible to participate in the Plan; provided, however, that a Director may make a new distribution election with respect to the entire portion of his or her account subject to this Section 6(e) so long as such election is made at least one year in advance of the Director's termination of service on the Board. In the case of an account distributed in installments, the amount of Shares distributed in each installment shall be equal to the number of Share units in the Director's account subject to such installment distribution at the time of the distribution divided by the number of installments remaining to be paid.

(f) The right of a Director to amounts described under this Section 6 shall not be subject to assignment or other disposition by him or her other than by will or the laws of descent and distribution. In the event that, notwithstanding this provision, a Director makes a prohibited disposition, the Company may disregard the same and discharge its obligation hereunder by making payment or delivery as though no such disposition had been made.

(g) In the event that any dividend in Shares, recapitalization, Share split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or Share exchange, or other such change, affects the Shares such that they are increased or decreased or changed into or exchanged for a different number or kind of Shares, other securities of the Company or of another corporation or other consideration, then in order to maintain the proportionate interest of the Directors and preserve the value of the Directors' Share units, (i) there shall automatically be substituted for each Share unit a new unit representing the number and kind of Shares, other securities or other consideration into which each outstanding Share shall be changed, and (ii) the number and kind of shares available for issuance under the Plan shall be equitably adjusted in order to take into account such transaction or other change. The substituted units shall be subject to the same terms and conditions as the original Share units.

-4-

#### 7. GENERAL PROVISIONS.

(a) Compliance with Legal and Trading Requirements. The Plan shall be subject to all applicable laws, rules and regulations, including, but not limited to, U.S. federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company, in its discretion, may postpone the issuance or delivery of Shares under the Plan until completion of such stock exchange or market system listing or registration or qualification of such Shares or other required action under any U.S. federal or state law, rule or regulation or under laws, rules or regulations of other jurisdictions as the Company may consider appropriate, and

may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. No provisions of the Plan shall be interpreted or construed to obligate the Company to register any Shares under U.S. federal or state law or under the laws of other jurisdictions.

(b) No Right to Continued Service. Neither the Plan nor any action taken thereunder shall be construed as giving any Director the right to be retained in the service of the Company or any of its subsidiaries or affiliates, nor shall it interfere in any way with the right of the Company or any of its subsidiaries or affiliates to terminate any Director's service at any time.

(c) Taxes. The Company is authorized to withhold from any Shares delivered under this Plan any amounts required by law or regulation to be withheld and other taxes due in connection therewith, and to take such other action as the Company may deem advisable to enable the Company and a Participant to satisfy legal obligations for the payment of any withholding taxes and other tax obligations relating thereto. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of the foregoing withholding and other tax obligations.

(d) Amendment. The Board may amend, alter, suspend, discontinue, or terminate the Plan without the consent of shareholders of the Company or Participants, except that any such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Company's shareholders if such shareholder approval is required by any U.S. federal law or regulation or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted; provided, however, that, without the consent of an affected Participant, no amendment, alteration, suspension, discontinuation or termination of the Plan may impair the rights or, in any other manner, adversely affect the rights of such Participant under any award theretofore granted to him or her or compensation previously deferred by him or her hereunder.

-5-

(e) Unfunded Status of Awards. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant pursuant to a deferral election, nothing contained in the Plan shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company; provided, however, that the Company may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan to deliver cash, Shares, or other property pursuant to any award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Company otherwise determines with the consent of each affected Participant.

(f) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other compensation arrangements as it may deem desirable, and such arrangements may be either applicable generally or only in specific cases.

(g) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan. Cash shall be paid in lieu of such fractional Shares.

(h) Governing Law. The validity, construction, and effect of the Plan shall be determined in accordance with the laws of the State of Michigan, without giving effect to principles of conflict of laws thereof.

(i) Effective Date; Plan Termination. The Plan as amended and restated shall become effective as of the closing date of the initial public offering of the Shares (the "Effective Date"). The Plan shall terminate as to future awards, at such time as no Shares remain available for issuance pursuant to Section 4, and the Company has no further obligations with respect to any compensation deferred under the Plan.

(j) Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

-6-

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the use in Amendment No. 3 to this Registration Statement on Form S-1 (No. 333-113917) of our report dated March 27, 2003, except for the matters described in the second paragraph of Note 1 and Note 18, which are as of December 24, 2003, relating to the financial statements and financial statement schedule of TriMas Corporation, which appear in such Registration Statement. We also consent to the references to us under the headings "Experts" and "Selected Financial Data" in such Registration Statement.

PricewaterhouseCoopers LLP

Detroit, Michigan

June 28, 2004

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**CONSENT OF INDEPENDENT ACCOUNTANTS**

We hereby consent to the use in Amendment No. 3 to this Registration Statement on Form S-1 (No. 333-113917) of TriMas Corporation of our report dated January 17, 2003 relating to the financial statements of Highland Group Corporation, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

Walthall, Drake & Wallace LLP  
June 28, 2004

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors  
TriMas Corporation:

The audit referred to in our report dated March 16, 2004 included the related financial statement schedule as of December 31, 2003 and for the year then ended, included in the registration statement. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audit. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the use of our report included herein and to the reference to our firm under the heading "Experts" and "Selected Financial Data" in the prospectus.

KPMG LLP  
Detroit, Michigan  
June 28, 2004

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