



Technology Corporation

4th Quarter and Full Year 2009
Earnings Webcast
February 10, 2010



Agenda for Today

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Forward-looking Statements

Certain statements in this presentation are “forward-looking statements” (as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). These forward-looking statements generally include all statements other than statements of historical fact, including statements regarding our future financial position, business strategy, budgets, projected revenues and expenses, expected regulatory actions and plans and objectives of management for future operations. These statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by those forward-looking statements. Some of such risks, uncertainties and other factors are contained in our periodic filings with the Securities and Exchange Commission. We disclaim any intention or obligation to update the forward-looking statements contained in this presentation.

The financial guidance as of and for the twelve-month period ending December 31, 2010 contained herein constitute forward-looking statements made as of February 10, 2010. After that date, we are not confirming, reaffirming or revising those forward-looking statements or making any assertions regarding the status of those statements or your ability to rely on them.

You should review our periodic filings with the SEC, including our Annual Report on Form 10-K for the year-ended December 31, 2008. All statements in this presentation are qualified by reference to such filings.

- **Logistics:** We are a leader in comprehensive order fulfillment, reverse logistics, test and repair, packaging, warehousing and distribution services, and transportation management for high-tech industries and products including

- Wireless
- Broadband and cable
- GPS (personal navigation devices)
- Automotive electronics
- Emerging and other electronic devices



- **Drivetrain:** Remanufacturing, manufacturing and logistics services predominately to service and repair organizations of light-, medium- and heavy-duty OEMs and Tier Ones

- Transmissions, engines and related components
- Other drivetrain components
- Logistics services ("core" management)



**B2B Provider of Solutions Engineered to Deliver Quality, Efficiency and
Cost Savings for Our Customers**

Todd R. Peters President & CEO



2009 Business Summary

- Solid operational execution across the entire company
 - Cost reduction initiatives
 - Successful launches of new business wins
- \$100M in new business wins; pipeline opportunities remain robust
 - Fourth quarter new business wins of \$42M provide a strong start to 2010
- Fourth quarter net sales of \$125.3M down a nominal 0.9% from fourth quarter 2008
 - Fourth quarter Adjusted EPS⁽¹⁾ of \$0.50 – flat YoY
- Full year net sales of \$485.0M down 8.6% from 2008
 - 2009 Adjusted EPS⁽¹⁾ of \$2.15 increased 12.6%
- Ended year with \$73.8M in cash and no debt

(1) Adjusted EPS is a "non-GAAP financial measure" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measure can be found in the appendix to this presentation.

**We Remain Focused on Profitable Growth and
Strong Cash Flow**

Logistics Segment

\$ in millions, unaudited	For the three-months ended			
	<u>12/31/09</u>	<u>12/31/08</u>	<u>Var.</u>	<u>% Var.</u>
Net Sales.....	\$93.4	\$87.8	\$5.6	6.4%
Segment Profit.....	\$17.6	\$15.3	\$2.3	15.0%
<i>% of Net Sales.....</i>	<i>18.8%</i>	<i>17.4%</i>		

Key Drivers

- Revenues benefitted from a new test and repair program with a leading handset OEM
- Revenues with TomTom increased \$6.7M or 37.6% due primarily to more pronounced seasonality, as anticipated
- Revenues with AT&T decreased 8.3% from Q4 2008; full year revenues up \$7.9M or 3.5%
- Expanded service offering with existing customers by launching transportation management and FTZ capabilities
- Won \$42M of new business during Q4 2009 that will launch in early 2010
- Segment margins benefitted from cost reduction initiatives, a favorable mix of services and solid execution

Strong Execution in a Challenging Environment

Drivetrain Segment

\$ in millions, unaudited	For the three-months ended			
	<u>12/31/09</u>	<u>12/31/08</u>	<u>Var.</u>	<u>% Var.</u>
Net Sales.....	\$31.9	\$38.6	(\$6.7)	(17.4)%
Adjusted Segment Profit (Loss) ⁽¹⁾	(\$1.5)	\$0.4	(\$1.9)	(475.0)%
<i>% of Net Sales</i>	<i>-4.7%</i>	<i>1.0%</i>		

Key Drivers

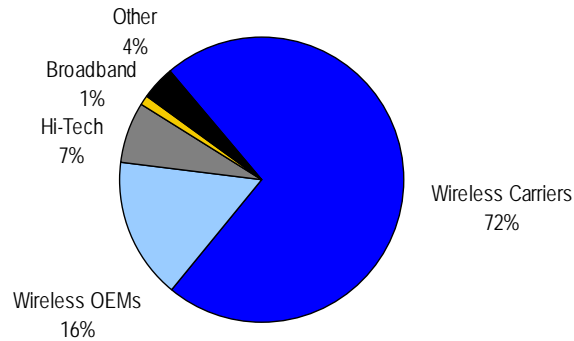
- ❑ Wind-down of Honda transmission program significantly impacted results
 - Revenues declined by \$8M or 62% to \$5M
 - Completed production requirements mid-December
- ❑ Slower launch of recently awarded Engine remanufacturing programs with Chrysler and Subaru and assorted start-up costs impacted Q4 results
- ❑ Revenues reflect continued pressure on base business
 - Down 5% excluding Honda and new engine programs
- ❑ Return to modest profitability expected in 2010

(1) Adjusted Segment Profit (Loss) is a "non-GAAP financial measure" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measure can be found in the appendix to this presentation.

Targeting Low-Single Digit Margins and Focusing on Cash Flow

New Business Pipelines

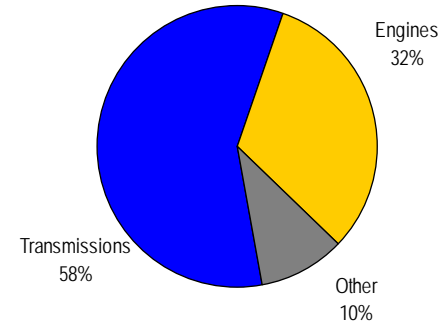
Logistics



- 13 unique customers
- Opportunities exceed \$197M

- Value-added warehousing and distribution market exceeds \$29B
- Won \$79M of new business in 2009
- Pipeline has new names and new channels
- Strengthened business development team
- "Brand awareness" driving opportunities and gaining traction

Drivetrain



- 11 unique customers
- Opportunities exceed \$55M

- U.S. remanufactured engines and transmissions market exceeds \$6B
- Won \$21M of new business in 2009
- Entry into North American Engine market opens new opportunities
- Added Suzuki as new customer with small transmission program

Both Teams Focused on Continued Growth and Diversification

John M. Pinkerton
Vice President & CFO



Financial Highlights

	Consolidated			
	For the twelve-months ended Dec 31,			
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>% Change</u>
\$ in millions except per share data, unaudited				
Net Sales.....	\$485.0	\$530.6	(\$45.6)	(8.6)%
Operating Income.....	\$26.5	(\$25.1)		
Restructuring Charges (Credits).....	\$5.1	\$9.7		
Goodwill Impairment.....	<u>\$37.0</u>	<u>\$79.2</u>		
Adjusted Operating Income ⁽¹⁾	\$68.6	\$63.8	\$4.9	7.6%
Income from Continuing Operations.....	\$11.7	(\$22.7)		
Restructuring Charges (Credits).....	\$3.2	\$6.1		
Deferred Tax Valuation Allowances.....	\$1.8	- - -		
Goodwill Impairment.....	<u>\$26.0</u>	<u>\$56.8</u>		
Adjusted Income from Continuing Operations ⁽¹⁾	\$42.7	\$40.2	\$2.5	6.3%
Income from Continuing Operations, Per Share ⁽²⁾	\$0.59	(\$1.09)		
Restructuring Charges (Credits) ⁽²⁾	\$0.16	\$0.29		
Deferred Tax Valuation Allowances ⁽²⁾	\$0.09	- - -		
Goodwill Impairment ⁽²⁾	<u>\$1.31</u>	<u>\$2.70</u>		
Adjusted Earnings Per Share ⁽¹⁾⁽²⁾	\$2.15	\$1.91	\$0.24	12.6%

(1) Adjusted Operating Income, Adjusted Income from Continuing Operations and Adjusted Earnings Per Share are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measures can be found in the appendix to this presentation.

(2) Per diluted share.

Cash Flow Highlights

\$ in millions, unaudited	Consolidated		
	For the twelve-months ended Dec 31,		
	2009	2008	Change
Adjusted Cash Flow from Operations ⁽¹⁾	\$62.3	\$53.3	\$9.0
Capital Expenditures.....	(\$8.6)	(\$11.3)	\$2.7
Free Cash Flow ⁽¹⁾	\$53.7	\$42.0	\$11.7
<hr/>			
Financing Activities.....	\$2.8	(\$50.3)	\$53.1
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Net Debt / (Cash) ⁽²⁾	(\$73.8)	(\$17.2)	\$56.6
Net Debt ⁽²⁾ /LTM EBITDA ⁽¹⁾	---	---	---
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Adjusted LTM EBITDA ⁽¹⁾	\$81.6	\$78.5	\$3.2

Key Drivers and Highlights

- Free Cash Flow generation remains strong
- Modest capital investment due to timing of new business wins
- Completed \$50M open market stock repurchase in 2008
- Total liquidity of \$222M consists of borrowing capacity plus cash; repaid \$70M drawdown

(1) Free Cash Flow, Adjusted Cash Flow from Operations and EBITDA are "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation of these to the most directly comparable GAAP measure can be found in the appendix to this presentation.

(2) Net debt/(cash) represents the summation of amounts (i) drawn on our credit facility, (ii) due to sellers of acquired companies and (iii) under capital lease obligations, less cash and cash equivalents.

\$ in millions, except per share data	<u>Full Year⁽¹⁾</u>
Net Sales.....	\$515 - \$550
Income from Continuing Operations.....	\$43 - \$49
Earnings Per Share ⁽²⁾	\$2.13 - \$2.45
Free Cash Flow ⁽³⁾	\$20 - \$28

Key Drivers

- Launch of new business won in 2009 in both Logistics and Drivetrain
 - New business growth drives investment in working capital and facilities
- Convert pipeline opportunities into new business wins
- Achieving low single-digit margins in Drivetrain
- Realization of savings from cost reduction initiatives
- Anticipated impact of contract renewals

(1) As of February 10, 2010.

(2) From continuing operations per diluted share.

(3) Free Cash Flow is "non-GAAP financial measures" within the meaning of Securities and Exchange Commission Regulation G. A reconciliation to the most directly comparable GAAP measures can be found in the appendix to this presentation.

Questions and Answers

Todd R. Peters
President & CEO

John M. Pinkerton
Vice President & CFO



Reconciliation of Non-GAAP Financial Measures

Reconciliation of certain financial measures reported in accordance with Generally Accepted Accounting Principles ("GAAP") to those presented on the basis of methodologies other than in accordance with GAAP ("non-GAAP")
(In millions, except per share data)

	For the three-months ended December 31,		For the twelve-months ended December 31,	
	2009	2008	2009	2008
	(Unaudited)		(Unaudited)	
Operating income (loss) (GAAP basis)	\$ 15.3	\$ (73.1)	\$ 26.5	\$ (25.1)
Impairment of goodwill - Drivetrain segment	-	79.1 (c)	37.0 (e)	79.1
Exit, disposal, certain severance and other charges	0.8 (a)	9.7 (d)	5.1 (f)	9.7
Rounding adjustment	-	-	-	0.1
Adjusted operating income (non-GAAP basis)	\$ 16.1	\$ 15.7	\$ 68.6	\$ 63.8
Depreciation and amortization	3.2	3.6	13.1	14.6
Other income (expense), net	(0.1)	(0.1)	-	-
Rounding adjustment	-	-	-	-
Adjusted EBITDA (non-GAAP basis)	\$ 19.2	\$ 19.2	\$ 81.7	\$ 78.4
Impairment of goodwill	-	(79.1)	(37.0)	(79.1)
Exit, disposal, certain severance and other charges	(0.8)	(9.7)	(5.1)	(9.7)
Depreciation and amortization	(3.2)	(3.6)	(13.1)	(14.6)
Interest expense	(0.2)	(0.2)	(1.1)	(0.7)
Interest income	-	0.1	0.2	0.6
Income tax benefit (expense)	(7.3)	20.4	(13.9)	2.4
Income (loss) from continuing operations (GAAP basis)	\$ 7.7	\$ (52.9)	\$ 11.7	\$ (22.7)
Impairment of goodwill, net of tax	-	56.8 (c)	26.0 (e)	56.8
Exit, disposal, certain severance and other charges, net of tax	0.5 (a)	6.1 (d)	3.2 (f)	6.1
Valuation allowance against certain deferred income tax assets	1.8 (b)	-	1.8	-
Adjusted income from continuing operations (non-GAAP basis)	\$ 10.0	\$ 10.0	\$ 42.7	\$ 40.2
<u>Earnings Per Diluted Share:</u>				
Income (loss) from continuing operations (GAAP basis)	\$ 0.38	\$ (2.66)	\$ 0.59	\$ (1.09)
Impairment of goodwill, net of tax	-	2.83 (c)	1.31 (e)	2.69
Exit, disposal, certain severance and other charges, net of tax	0.03	0.30	0.16	0.29
Valuation allowance against certain deferred income tax assets	0.09	-	0.09	-
Reconcilement due to share count change from Basic to Diluted	-	0.03	-	0.02
Adjusted income from continuing operations (non-GAAP basis)	\$ 0.50	\$ 0.50	\$ 2.15	\$ 1.91
Diluted Shares Outstanding - Adjusted Basis	20.1	20.0	19.8	21.1
<u>Free Cash Flow:</u>				
Net cash provided by operating activities - continuing operations (GAAP basis)	\$ 16.1	\$ 30.8	\$ 62.3	\$ 38.9
Normalization of Accounts Receivable due to timing of certain receipts	-	-	-	14.4
Purchases of property, plant and equipment	(3.2)	(1.4)	(8.6)	(11.3)
Free cash flow (non-GAAP basis)	\$ 12.9	\$ 29.4	\$ 53.7	\$ 42.0

Appendix

Reconciliation of Non-GAAP Financial Measures

Reconciliation of certain financial measures reported in accordance with Generally Accepted Accounting Principles ("GAAP") to those presented on the basis of methodologies other than in accordance with GAAP ("non-GAAP")

(In millions, except per share data)

	Actual				Projected	
	For the three-months ended December 31,		For the twelve-months ended December 31,		For the twelve-months ended December 31, 2010	
	2009	2008	2009	2008	Low	High
	(Unaudited)		(Unaudited)		(Unaudited)	
Consolidated Data:						
Income (loss) from continuing operations (GAAP basis)	\$ 7.7	\$ (52.9)	\$ 11.7	\$ (22.7)	\$ 43.0	\$ 49.0
Impairment of goodwill - Drivetrain Segment, net of tax	-	56.8 (c)	26.0 (e)	56.8 (c)	-	-
Exit, disposal, certain severance and other charges, net of tax	0.5 (a)	6.1 (d)	3.2 (f)	6.1 (d)	-	-
Valuation allowance against certain deferred income tax assets	1.8 (b)	-	1.8 (b)	-	-	-
Adjusted income from continuing operations (non-GAAP basis)	\$ 10.0	\$ 10.0	\$ 42.7	\$ 40.2	\$ 43.0	\$ 49.0
Earnings Per Diluted Share:						
Income (loss) from continuing operations (GAAP basis)	\$ 0.38	\$ (2.66)	\$ 0.59	\$ (1.09)	\$ 2.13	\$ 2.45
Impairment of goodwill - Drivetrain Segment, net of tax	-	2.83 (c)	1.31	2.69 (c)	-	-
Exit, disposal, certain severance and other charges, net of tax	0.03	0.30	0.16	0.29	-	-
Valuation allowance against certain deferred income tax assets	0.09	-	0.09	-	-	-
Reconcilement due to share count change from Basic to Diluted	-	0.03	-	0.02	-	-
Adjusted income from continuing operations (non-GAAP basis)	\$ 0.50	\$ 0.50	\$ 2.15	\$ 1.91	\$ 2.13	\$ 2.45
Diluted Shares Outstanding - Adjusted Basis	20.1	20.0	19.8	21.1	20.0	20.0
Free Cash Flow:						
Net cash provided by operating activities - continuing operations (GAAP basis)					\$ 33.0	\$ 43.0
Purchases of property, plant and equipment					(13.0)	(15.0)
Free cash flow (non-GAAP basis)					\$ 20.0	\$ 28.0
Drivetrain Segment Data:						
Segment profit (loss) (GAAP basis)	\$ (1.8)	\$ (88.4)	\$ (37.0)	\$ (81.3)	\$ 2.0	\$ 5.0
Impairment of goodwill - Drivetrain Segment	-	79.1 (c)	37.0 (e)	79.1 (c)	-	-
Exit, disposal, certain severance and other charges	0.3 (a)	9.7 (d)	4.6 (f)	9.7 (d)	-	-
Adjusted segment profit (loss) (non-GAAP basis)	\$ (1.5)	\$ 0.4	\$ 4.6	\$ 7.5	\$ 2.0	\$ 5.0

Footnotes to Reconciliations of non-GAAP Financial Measures

- (a) Charge of \$0.8 million (\$0.5 million net of tax) includes on a pre-tax basis (i) \$0.6 million of certain severance costs related to the separation of our former CFO and (ii) \$0.3 million of additional Drivetrain segment restructuring costs.
- (b) During the fourth quarter of 2009, we determined that a valuation allowance was required for certain deferred income tax assets related to our Drivetrain-UK subsidiary, and accordingly, we recorded an additional income tax provision of \$1.8 million.
- (c) Drivetrain goodwill impairment charge from 2008 of \$79.1 million (\$56.8 million net of tax) includes an income tax benefit of \$0.4 million, or \$0.02 per diluted share, recorded during the fourth quarter of 2008, from a revaluation of certain deferred tax assets primarily related to tax deductible goodwill. In addition, \$17.8 million of the goodwill impairment charge was not deductible for federal and state tax purposes, and we applied a base tax rate of 35.8% to the deductible portion of the goodwill impairment charge.
- (d) Charge of \$9.7 million (\$6.1 million net of tax) incurred during the fourth quarter of 2008 related to the Drivetrain segment plant closure and restructuring activities (including \$7.6 million of costs classified as cost of sales – products).
- (e) Drivetrain goodwill impairment charge from 2009 of \$37.0 million (\$26.0 million net of tax) includes income tax expense of \$0.9 million, or \$0.05 per diluted share, recorded during the second quarter of 2009, primarily related to valuation allowances on applicable state deferred tax assets. In addition, \$2.9 million of the goodwill impairment charge was not deductible for federal and state tax purposes, and we applied a base tax rate of 35.0% to the deductible portion of the goodwill impairment charge.
- (f) Charge of \$5.1 million (\$3.2 million net of tax) includes on a pre-tax basis (i) \$5.1 million of costs related to the Drivetrain segment plant closure and restructuring activities initiated during 2008 (including \$0.9 million of costs classified as cost of sales – products), (ii) \$1.1 million of costs related to a Drivetrain segment customer inventory reimbursement obligation negotiated during 2009 (classified as cost of sales – products), (iii) \$1.0 million of costs primarily related to fixed asset impairments and other costs related to additional restructuring activities in our Drivetrain segment, and (iv) \$0.6 million of certain severance and related costs associated with the separation of our former CFO, partially offset by income of \$2.6 million from an adjustment to materials cost related to the wind-down of our relationship with a Drivetrain segment customer (classified as cost of sales – products).

Explanation of non-GAAP financial measures:

The Company reports its financial results of operations in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). The Company also provides non-GAAP financial information to complement its consolidated financial statements presented in accordance with GAAP. Certain data included in this presentation includes such non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of the Company’s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the Company’s financial statements.

Following is a description of the various non-GAAP financial measures used by the Company:

Adjusted operating income: Represents operating income (loss) (GAAP basis) adjusted to exclude (i) the Drivetrain segment goodwill impairment charges and (ii) exit, disposal, certain severance and other charges.

Adjusted Segment profit (loss): Represents segment profit (loss) (GAAP basis) adjusted to exclude (i) the Drivetrain segment goodwill impairment charges and (ii) exit, disposal, certain severance and other charges.

Adjusted EBITDA: EBITDA is defined by the Company as income (loss) from continuing operations (GAAP basis) adjusted to exclude interest income and expense, depreciation and amortization expense, and income tax benefit (expense). Adjusted EBITDA also excludes (i) the Drivetrain segment goodwill impairment charges and (ii) exit, disposal, certain severance and other charges.

Adjusted Income From Continuing Operations: Represents income (loss) from continuing operations (GAAP basis) adjusted to exclude, on an after-tax basis, (i) the Drivetrain segment goodwill impairment charges, (ii) exit, disposal, certain severance and other charges, and (iii) income tax expense for the valuation on certain deferred income tax assets.

Adjusted Income From Continuing Operations Per Diluted Share: Represents income (loss) from continuing operations per share (GAAP basis) adjusted to exclude, on an after-tax basis per diluted share, (i) the Drivetrain segment goodwill impairment charges, (ii) exit, disposal, certain severance and other charges, and (iii) income tax expense for the valuation on certain deferred income tax assets. Effective with our reporting for 2009, we have adopted the two-class method of reporting earnings per share, which requires that we allocate a portion of our income to participating securities (outstanding unvested share-based awards that contain rights to nonforfeitable dividends). The amounts for adjusted earnings per diluted share and diluted shares outstanding - adjusted basis, are calculated under the treasury stock method of presenting earnings per share. The two-class method had no impact on our adjusted earnings per diluted share for the three months ended December 31, 2009 and would have reduced our adjusted earnings per diluted share by \$0.01 for the year ended December 31, 2009. Due to the losses reported for the three months and year ended December 31, 2008 (GAAP basis), the two-class method had no impact on our loss from continuing operations per share as the holders of the participating securities are not obligated to fund our losses.

Free Cash Flow: Represents net cash provided (used in) by operating activities – continuing operations (GAAP Basis) adjusted for the normalization of Accounts Receivable due to timing of certain receipts and reduced by purchases of property, plant and equipment.

The Company believes these non-GAAP financial measures provide management, investors, equity analysts, and rating agencies with useful information by which to measure our performance. In addition, many of the Company’s internal performance measures are based on these non-GAAP financial measures.

The Company’s non-GAAP financial measures may vary from similar titled measures of other companies because of differences in the way the measures are calculated and therefore should not be used to compare the Company’s performance to that of other companies.

Whenever the Company presents non-GAAP financial measures, a reconciliation to the most directly comparable financial measure calculated and presented in accordance with GAAP is made available. The non-GAAP financial measures used by the Company are not intended to supercede or replace the Company’s GAAP results or expectations.



Technology Corporation

