

ATC TECHNOLOGY CORPORATION

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)
(Unaudited)

	Year ended December 31,							Three months ended							
	2003	2004	2005	2006	2007	2008	2009	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
Consolidated Data:															
Operating income (loss) (GAAP basis)	\$ 41.3	\$ 51.2	\$ 55.7	\$ 39.8	\$ 74.8	\$ (25.1)	\$ 26.5	\$ 17.9	\$ 14.5	\$ 15.7	\$ (73.1)	\$ 11.6	\$ (21.9)	\$ 21.5	\$ 15.3
Impairment of goodwill - Drivetrain segment	-	-	-	11.7	-	79.1	37.0	-	-	-	79.1	-	37.0	-	-
Impairment of goodwill - Logistics segment	-	-	-	2.9	-	-	-	-	-	-	-	-	-	-	-
Drivetrain plant closure and other restructuring costs (credits)	-	-	-	-	-	9.7	5.1	-	-	-	9.7	3.2	2.1	(1.0)	0.8
Rounding adjustment	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-
Adjusted operating income (non-GAAP basis)	\$ 41.3	\$ 51.2	\$ 55.7	\$ 54.4	\$ 74.8	\$ 63.8	\$ 68.6	\$ 17.9	\$ 14.5	\$ 15.7	\$ 15.7	\$ 14.8	\$ 17.2	\$ 20.5	\$ 16.1
Depreciation and amortization	10.8	11.7	13.1	13.7	14.9	14.6	13.1	3.6	3.7	3.7	3.6	3.4	3.3	3.2	3.2
Other income (expense), net	0.3	0.2	0.5	0.3	0.1	-	-	0.1	-	-	(0.1)	-	-	0.1	(0.1)
Rounding adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA (non-GAAP basis)	\$ 52.4	\$ 63.1	\$ 69.3	\$ 68.4	\$ 89.8	\$ 78.4	\$ 81.7	\$ 21.6	\$ 18.2	\$ 19.4	\$ 19.2	\$ 18.2	\$ 20.5	\$ 23.8	\$ 19.2
Impairment of goodwill	-	-	-	(14.6)	-	(79.1)	(37.0)	-	-	-	(79.1)	-	(37.0)	-	-
Drivetrain plant closure and other restructuring costs (credits)	-	-	-	-	-	(9.7)	(5.1)	-	-	-	(9.7)	(3.2)	(2.1)	1.0	(0.8)
Depreciation and amortization	(10.8)	(11.7)	(13.1)	(13.7)	(14.9)	(14.6)	(13.1)	(3.6)	(3.7)	(3.7)	(3.6)	(3.4)	(3.3)	(3.2)	(3.2)
Interest expense	(8.1)	(7.3)	(7.6)	(4.3)	(1.0)	(0.7)	(1.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.3)	(0.4)	(0.3)	(0.2)
Interest income	2.9	2.7	2.0	0.6	1.1	0.6	0.2	0.3	0.1	0.1	0.1	0.1	0.1	-	-
Write-off of debt issuance costs	-	-	-	(1.7)	-	-	-	-	-	-	-	-	-	-	-
Income tax benefit (expense)	(13.5)	(16.7)	(16.8)	(13.0)	(27.9)	2.4	(13.9)	(7.1)	(5.4)	(5.5)	20.4	(4.2)	5.6	(7.9)	(7.3)
Income (loss) from continuing operations (GAAP basis)	\$ 22.9	\$ 30.1	\$ 33.8	\$ 21.7	\$ 47.1	\$ (22.7)	\$ 11.7	\$ 11.1	\$ 9.0	\$ 10.2	\$ (52.9)	\$ 7.2	\$ (16.6)	\$ 13.4	\$ 7.7
Impairment of goodwill, net of tax (a)	-	-	-	9.9	-	56.8	26.0	-	-	-	56.8	-	26.0	-	-
Drivetrain plant closure and other restructuring costs (credits), net of tax	-	-	-	-	-	6.1	3.2	-	-	-	6.1	2.0	1.3	(0.6)	0.5
Valuation allowance against certain deferred income tax assets	-	-	-	-	-	-	1.8	-	-	-	-	-	-	-	1.8
Write-off of debt issuance costs, net of tax	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-
Adjusted Income from continuing operations (non-GAAP basis)	\$ 22.9	\$ 30.1	\$ 33.8	\$ 32.7	\$ 47.1	\$ 40.2	\$ 42.7	\$ 11.1	\$ 9.0	\$ 10.2	\$ 10.0	\$ 9.2	\$ 10.7	\$ 12.8	\$ 10.0
Earnings Per Diluted Share:															
Income (loss) from continuing operations (GAAP basis)	\$ 0.93	\$ 1.40	\$ 1.56	\$ 0.98	\$ 2.11	\$ (1.09)	\$ 0.59	\$ 0.50	\$ 0.42	\$ 0.48	\$ (2.66)	\$ 0.36	\$ (0.85)	\$ 0.67	\$ 0.38
Impairment of goodwill, net of tax (a)	-	-	-	0.45	-	2.69	1.31	-	-	-	2.83	-	1.32	-	-
Drivetrain plant closure and other restructuring costs (credits), net of tax	-	-	-	-	-	0.29	0.16	-	-	-	0.30	0.10	0.07	(0.03)	0.03
Valuation allowance against certain deferred income tax assets	-	-	-	-	-	-	0.09	-	-	-	-	-	-	-	0.09
Write-off of debt issuance costs, net of tax	-	-	-	0.05	-	-	-	-	-	-	-	-	-	-	-
Reconciliation due to share count change from Basic to Diluted	-	-	-	-	-	0.02	-	-	-	-	0.03	-	-	-	-
Impact of two-class method of reporting earnings per share	-	-	-	0.01	0.02	-	-	-	-	-	-	0.01	-	-	-
Adjusted Income from continuing operations (non-GAAP basis)	\$ 0.93	\$ 1.40	\$ 1.56	\$ 1.49	\$ 2.13	\$ 1.91	\$ 2.15	\$ 0.50	\$ 0.42	\$ 0.48	\$ 0.50	\$ 0.47	\$ 0.54	\$ 0.64	\$ 0.50
Diluted Shares Outstanding - Adjusted Basis	24.5	21.4	21.6	21.9	22.1	21.1	19.8	22.1	21.2	21.0	20.0	19.7	19.7	19.9	20.1
Free Cash Flow:															
Net cash provided by (used in) operating activities - continuing operations (GAAP basis)	\$ 61.1	\$ 32.6	\$ 50.6	\$ 56.5	\$ 83.8	\$ 38.9	\$ 62.3	\$ (4.5)	\$ (5.1)	\$ 17.7	\$ 30.8	\$ (7.4)	\$ 22.2	\$ 31.4	\$ 16.1
Normalization of Accounts Receivable due to timing of certain receipts	-	-	-	-	(14.4)	14.4	-	-	14.4	-	-	13.8	(13.8)	-	-
Purchases of property, plant and equipment	(12.9)	(10.8)	(17.2)	(10.6)	(19.4)	(11.3)	(8.6)	(4.7)	(3.3)	(1.9)	(1.4)	(1.1)	(1.7)	(2.6)	(3.2)
Free cash flow (non-GAAP basis)	\$ 48.2	\$ 21.8	\$ 33.4	\$ 45.9	\$ 50.0	\$ 42.0	\$ 53.7	\$ (9.2)	\$ 6.0	\$ 15.8	\$ 29.4	\$ 5.3	\$ 6.7	\$ 28.8	\$ 12.9

(a) In the fourth quarter of 2008, includes an income tax benefit of \$0.4 million, or \$0.02 per diluted share, from a revaluation of certain deferred tax assets primarily related to tax deductible goodwill. In the second quarter of 2009, 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.

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Segment Data:

	Year ended December 31,							Three months ended							
	2003	2004	2005	2006	2007	2008	2009	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
Logistics Segment profit (GAAP basis)	\$ 22.0	\$ 15.5	\$ 18.1	\$ 24.4	\$ 45.0	\$ 56.2	\$ 64.0	\$ 15.3	\$ 11.4	\$ 14.2	\$ 15.3	\$ 13.5	\$ 15.7	\$ 17.3	\$ 17.6
Impairment of goodwill - Logistics segment	-	-	-	2.9	-	-	-	-	-	-	-	-	-	-	-
Logistics Adjusted Segment profit (non-GAAP basis)	22.0	15.5	18.1	27.3	45.0	56.2	64.0	15.3	11.4	14.2	15.3	13.5	15.7	17.3	17.6
Drivetrain Segment profit (loss) (GAAP basis)	22.6	40.0	37.6	15.4	29.7	(81.3)	(37.0)	2.6	3.1	1.5	(88.4)	(1.9)	(37.5)	4.2	(1.8)
Impairment of goodwill - Drivetrain segment	-	-	-	11.7	-	79.1	37.0	-	-	-	79.1	-	37.0	-	-
Plant closure and other restructuring costs (credits)	-	-	-	-	-	9.7	4.6	-	-	-	9.7	3.2	2.1	(1.0)	0.3
Drivetrain Adjusted Segment profit (loss) (non-GAAP basis)	22.6	40.0	37.6	27.1	29.7	7.5	4.6	2.6	3.1	1.5	0.4	1.3	1.6	3.2	(1.5)
Unallocated Operating income (loss) / Rounding	(3.3)	(4.3)	-	-	0.1	0.1	-	-	-	-	-	-	(0.1)	-	-
Total Adjusted Operating income (non-GAAP basis)	\$ 41.3	\$ 51.2	\$ 55.7	\$ 54.4	\$ 74.8	\$ 63.8	\$ 68.6	\$ 17.9	\$ 14.5	\$ 15.7	\$ 15.7	\$ 14.8	\$ 17.2	\$ 20.5	\$ 16.1

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. The data on this table 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 the impairment of goodwill and Drivetrain plant closing costs and other restructuring costs (credits).

Adjusted Segment profit: Represents segment profit (loss) (GAAP basis) adjusted to exclude the impairment of goodwill and Drivetrain plant closing costs and other restructuring costs (credits).

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 expense. Adjusted EBITDA also excludes impairment of goodwill, Drivetrain plant closing costs and other restructuring costs (credits) and other unusual items of income or expense as determined by management.

Adjusted Income From Continuing Operations: Represents income (loss) from continuing operations (GAAP basis) adjusted to exclude, on an after-tax basis, (i) impairment of goodwill, (ii) Drivetrain plant closing costs and other restructuring costs (credits), and (iii) other unusual items of income or expense as determined by management.

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) impairment of goodwill, (ii) Drivetrain plant closing costs and other restructuring costs (credits), and (iii) other unusual items of income or expense as determined by management. 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 impact of adopting the two-class method is presented in the table above. During periods of losses, the two-class method has no impact on our loss from continuing operations per share as the holders of the participating securities are not obligated to fund our losses. 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.

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.