

AFTERMARKET TECHNOLOGY CORP.

**Moderator: Mary Ryan
April 29, 2009
9:00 am CT**

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the ATC Technology Corporation First Quarter Earnings conference call and Webcast.

Currently, all lines are in a listen-only mode. If you should need any assistance during this call, please press star 0 and someone will help you.

At this time, I'd like to turn the conference over to your host for today's agenda, Mary Ryan.

Mary Ryan: Good morning. Thank you for joining us. With me today are Todd Peters, our President and CEO; Ashoka Achuthan, our CFO; and John Pinkerton, our Chief Accounting Officer.

Please turn to slide 2. Our agenda for today includes a brief overview of the company's first quarter 2009 results, as well as a report on each segment's performance and new business opportunities presented by Todd. The financial review will be presented by Ashoka. Todd will then present our updated 2009 guidance. At the end of Todd's comments, we will open the floor for questions to a pre-approved list of analysts, money managers, and institutional holders.

Please turn to slide 3. Before we go to the substance of our call today, I would like to point out that many of our comments are considered to be forward looking statements under the Federal

Securities laws. These forward-looking statements generally include all statements other than statement of historical fact; including statements that are predictive; that depend upon or refer to future events or conditions; or that concern future financial performance or position including future revenues, expenses, earnings, growth rates, or margins.

You are reminded that forward looking statements are subject to numerous risks and uncertainties that could cause future results that differ materially from those stated or implied by our comments today. Those risks and uncertainties are fully described in our 2008 Annual Report on Form 10-K and our other SEC filings.

Please turn to slide 4. For those of you who are unfamiliar with the ATC story, this slide presents a brief description of each of our businesses.

Please turn to slide 5. At this time, I would like to turn the call over to our President and CEO, Todd Peters.

Todd Peters: Thank you Mary. Good morning. I would like to thank all of you who have joined us today.

My comments will cover the following topics. First I will provide a brief overview of the company's first quarter results. Second, I will highlight the factors that impacted each of our business segments. Third, I will provide a summary of our new business opportunities in each segment. And after Ashoka presents additional details on the first quarter, I will then update our guidance for the year.

Please turn to slide 6 for the company's overall first quarter performance. As we had anticipated, the first quarter of 2009 was mixed from a business perspective. Total sales of \$113.5 million for the first quarter were down 12.4% from first quarter 2008. There are four primary drivers for the decline. First, weakness experienced in our drivetrain business. Second, a non-recurring

automotive electronics upgrade program that was completed in the first quarter of 2008. Third, a reduction in volumes of TomTom. And finally, the impact of price concessions associated with long-term contracts.

On an adjusted basis, for the first quarter, we reported earnings per diluted share from continuing operations of 47 cents versus 50 cents for the first quarter of last year.

Despite the challenging environment, we continue to deliver solid results in our logistics business and we are ahead of schedule related to the consolidation and restructuring of our North American drivetrain business, which is expected to provide significant cost savings in 2009 and improve asset utilization of our Oklahoma City facilities.

Furthermore, I am pleased to announce that we are a recipient of the coveted 2008 Honda Supplier Performance Award. Our liquidity position remains strong with approximately \$78 million in cash and cash equivalent as of March 31, 2009. And \$79 million of availability on our \$150 million credit facility.

Now let's review performance for the logistics business, so please turn to slide 7. Our logistics segment was once again key to our results, delivering a solid quarter with revenue of \$77.3 million and a segment profit of \$13.5 million. Despite the economic headwinds that have slowed the growth in our logistics segment, we continue to benefit from the resilience of our long-term customer AT&T as well as from the ramp-up of new programs launched in 2008. In fact, our business with AT&T grew 8.7% quarter over quarter to \$57.1 million.

The overall comparison to last year is made challenging as we get benefited significantly from a one-time electronics upgrade program that was substantially completed at the end of the first quarter of 2008 and the ramp-up of services for TomTom. However, we continue to deliver on cost reduction initiatives, resulting in a solid operating margin of 17.5% for this segment.

I would like to discuss the TomTom revenue reduction in further detail. During their earnings call last week, they acknowledged that their sales were impacted by overall market conditions and the destocking of their supply channels by distributors and retailers. This dynamic negatively impacted our sales to TomTom in Q1 2009.

But importantly, they stated that the market in North America had grown during the first quarter and their share had grown as well. We believe this is a positive sign as we look to the balance of the year. During the quarter we won a modest \$1.6 million in annualized new business with an existing customer and our opportunities pipeline is \$147 million.

Shifting to drivetrain, please turn to slide 8. Throughout 2008, we shared with you the softness in our base drivetrain business volumes and the corresponding challenges that it presented for us. The first quarter of 2009 was no exception, with sales down 19.2% quarter over quarter as we experienced across-the-board softness, most significantly with Allison and Honda. Our 3.6% adjusted segment margin was impacted by negative operating leverage.

Let's spend a minute on Allison and Honda. Allison revenue declined due to the impact of the economy on medium and heavy duty truck utilization. Our Honda revenue, driven by demand for in-warranty replacements, has been negatively impacted by the improved performance of their five-speed transmissions versus their Legacy four-speeds.

Across the board lower new car sales have reduced the population of in-warranty vehicles. As a result, the automotive environment continues to be challenging. Like many other automotive suppliers, we remain concerned in that we continue to monitor the unfolding developments of our customers.

As you would expect, the focus during the first quarter centered on the move of our Springfield, Missouri operations into our Oklahoma City facilities. As we are currently ahead of schedule, we anticipate meeting our mid-year target date for move completion and should start to see the additional benefits impacting our results by mid-year.

Bottom line, our goal is to have a smaller, leaner, and more profitable business going forward. We expect to achieve the \$6 million in annual cost savings attributable to our restructuring efforts and to (act with) 2009 with a (second) margin run rate of 10%.

Now, to our new business pipelines for both segments. Please turn to slide 9. I would like to remind you that when we review our new business pipelines, these represent a snapshot of qualified opportunities with both existing and new customers. As you might expect, these pipelines fluctuate as customers award, modify, or withdraw opportunities for any number of reasons.

As you can see on the left, for the logistics business we currently have \$147 million of annual revenue opportunities across 25 unique customers. In the first quarter of 2009 we won a modest \$1.6 million in annual new business and we launched two modest programs with national brands that service the consumer space.

Our new business pipeline continues to reflect a diversified range of customers and markets spanning the wireless, broadband cable, high-end consumer electronics, and medical devices industry in a \$28.7 billion market. We have strong existing customer relationships and our team, under new leadership, remains actively focused on expanding these opportunities.

Let me spend a minute on our recent hiring of (Dan Gardner) as our new Vice President of Business Development for Logistics. (Dan) will be responsible for building and managing the pipeline of new business.

(Dan) brings a wealth of logistics experience, having sold integrative supply chain programs tailored to the wireless, consumer electronics, and medical devices industry, interacting with executive and C-level management in a broad range of industries in his 23-year career with companies that include DHL and (Excel) Global Logistic. We will rely on (Dan)'s leadership as we aim to expand our footprint as we grow our business and diversify our services and customer base.

Looking at the right side, for drivetrain, we currently have \$80 million in new business opportunities across 12 unique customers. Since 2005 we have been awarded four six-speed transmission programs. These wins position us well once the automotive industry recovers.

Our restructuring allows for continued growth as we will have the capacity to absorb new business in our Oklahoma City footprint. I expect our teams to deliver new business wins in 2009 that extend our product offering range and expand our customer roster. Company-wide we are pursuing a total of \$227 million in new opportunities with 37 customers.

At this time, I would like to turn the call over to Ashoka and he will present additional details for the quarter. Please turn to slide 10.

Ashoka Achuthan: Thank you, Todd and good morning everybody. My comments today will cover the following: our consolidated results of operations for the three months ended March 31, 2009 and our consolidated cash flow and net debt highlights.

Please turn to slide 11 where we highlight our operating results for the three months ended March 31, 2009, as compared to the three months ended March 31, 2008. Net sales decreased \$16 million, or 12.4%, to \$113.5 million for the first quarter of 2009, from \$129.5 million for the same period last year. This decrease was primarily due to four factors.

First, the run-out of two programs in our logistics segment, including a significant one-time automotive electronics operator program that was substantially completed in 2008.

Second, lower sales to TomTom, partially due to the reduction of retail inventories in the first quarter of 2009 and the ramp-up of new services in the first quarter of 2008.

Third, scheduled price concessions to certain customers, primarily in our logistics segment, granted in connection with long-term contract renewals.

And finally, a reduced demand for remanufactured transmissions due to a variety of factors including, one, a reduction in the size of in-warranty vehicle ((inaudible)) due to declining car sales; two, improved quality of new OEM transmissions; and, three, macroeconomic factors that have resulted in the reduction in the number of miles driven and the deferral of repairs, thereby reducing the overall demand for remanufactured transmissions.

These decreases were partially offset by the impact of new ((inaudible)) in our logistics segment in the first quarter of 2009.

Moving on to operating income, for the first quarter of 2009, operating income was \$11.6 million compared to \$17.9 million for the same period last year. Included in this quarter's results are pre-tax charges of \$3.2 million related to the consolidation and restructuring of our North American drivetrain business.

Excluding these charges, adjusted operating income of \$14.8 million declined \$3.1 million, or 17.3%, from \$17.9 million in the first quarter of 2008.

This decrease is primarily attributable to three factors, two of which were already mentioned earlier - the run-out in 2008 of the one-time electronics upgrade program and scheduled price concessions to certain customers, primarily in our logistics segment.

And the third factor relates to negative operating leverage in our drivetrain segment associated with reductions in volume. These were partially offset by our consistently delivering on our cost reduction initiatives throughout the first quarter.

Income from continuing operations was \$7.2 million or 37 cents per diluted share, compared to \$11.1 million, or 50 cents per diluted share, in 2008. Excluding the restructuring charges of \$2 million net of tax, or 10 cents per diluted share, adjusted income from continuing operations was \$9.2 million or 47 cents per diluted share, compared to \$11.1 million, or 50 cents per diluted share, in 2008. These changes were driven primarily by the factors that impacted operating income.

Accretion from the reduced shares outstanding, subsequent to last year's stock repurchase program, benefited the quarter by 4 cents per share compared to the first quarter of 2008. Loss from discontinued operations of \$2.5 million in 2008 reflects our exit from the (new windshield) business.

Now please turn to slide 12, Where we review our cash flow and net (deck) highlights. Walking through the components of free cash flow. Adjusted cash flow from operations was a source of \$6.4 million for the quarter - for the first quarter of 2009, versus the use of \$4.5 million in the same period last year.

2008 reflects investments in receivables and inventories to support significant new program launches in our logistic segment. 2009 reflects an investment in inventory to support an increase

in the number of, and the complexity of, wireless device models being repaired. Additionally, 2008 reflects larger payments for performance based compensation related to 2007 results.

Capital spending for the first quarter of 2009 was a nominal \$1.1 million, primarily related to maintenance and cost reduction initiatives in both our logistics and drivetrain segments. This compares to \$4.7 million in the prior year, which reflects investments supporting the significant new business launches in logistics.

Cash provided by financing activities of \$69.9 million reflects the preemptive draw on our credit facility to enhance our liquidity position given the potential for further uncertainties in the credit markets. Even after this preemptive draw, our total liquidity of \$157 million remains unchanged. The prior year use of \$10 million reflects the impact of our initial 2008 stock repurchase program.

Given the level of concern related to our exposure to the Detroit Three, I want to spend a moment updating you on the status of our receivables. Payments continue to be made to us in a timely manner, and as of the end of last week we had \$10 million in total receivables from the Detroit Three, split approximately 60% with Ford, 25% with Chrysler, and 15% with GM. Should there be a bankruptcy at GM or Chrysler, we do not expect it to have a material impact on our liquidity.

At this point, I would like to turn the presentation back to Todd to discuss 2009 guidance.

Todd Peters: Thank you Ashoka.

Please turn to slide 13 for our outlook for the balance of the year. Not surprisingly, we expect 2009 to continue to be a challenging year for our business given the pervasive uncertainty in the economy. In February, I shared with you my view as to what I was seeing at the time and will refresh my outlook with you now.

Given the uncertainty surrounding our end markets in drivetrain and consumer driven softness in parts of our logistics segment, we were pleased with the start of the year, but remain cautious in our outlook moving forward. However, we are certainly not unique in this sense as our customers and competitors alike continue to tread carefully in these uncertain times.

With that said, I will share with you the rationale for our tempered optimism. Wireless devices are a key component of, and integral to, our daily lives regardless of demographics. We have seen the ongoing resilience of this sector and expect it to continue in 2009, albeit at a slower pace.

We are well positioned with one of the leading names in wireless services, AT&T. They have a great service offering. They are the industry leader in integrated devices which should continue to drive interest in their products and services. Their first quarter saw continued growth in wireless.

We have quickly grown with TomTom - so much so that we now provide a full suite of services for one of our largest customers. TomTom is Number Two in the GPS market in the US and Number One in the world. They've done a great job of carving out their market space and rolling out new products and services, and we expect them to grow their share.

During the first quarter, the market for personal navigation devices grew 12% in North America and TomTom's share grew from 18% to 19%. We have a great reputation for quality and service, solid customer relationships, and additional avenues for growth with our existing customers across both segments. We intend to dedicate our resources toward growing our service offerings with existing customers while remaining equally focused on building new relationships.

We have \$227 million in new business opportunities and I am intensely focused on delivering revenue growth and diversification in both segments. I have directed additional resources to our business development teams to ensure their success, including strengthening the business development leadership.

Our management teams are focused on delivering results and managing costs, including completing the drivetrain restructuring and achieving cost savings that are expected to total \$15 million to \$20 million this year. Our strong cash flow and excellent liquidity position the company to face the uncertainties in the current environment.

Our initial guidance range was broad, given the number of uncertainties in the overall market as we entered 2009. It took into consideration all known factors including input from our customers. Now, with one quarter completed and based on what we foresee in terms of the continued contraction and demand for our drivetrain customers' products and services, and the foreseeable strength of our logistics business, we are modifying our full year guidance.

Our full year revenue guidance is revised from \$488 million to \$539 million, to \$478 million to \$520 million, with adjusted income from continuing operations of \$36.5 million to \$42.5 million.

Our guidance for adjusted earnings per diluted share is \$1.85 to \$2.15 from our previously announced \$1.80 to \$2.20. This compares to \$1.91 adjusted earnings per diluted share for the full year of 2008.

Our 2009 results are expected to include 16 cents to 18 cents per share in restructuring charges for our drivetrain business. On a GAAP basis, our earnings per diluted share from continuing operations are expected to be \$1.67 to \$1.99. We expect to generate free cash flow of \$34 million to \$40 million.

Our logistics full year revenue guidance is \$333 million to \$365 million. This represents a slight contracting on the high end due to timing of anticipated new business wins. Yet with continued margin performance, we expect segment profit of \$51 million to \$60 million. Our team is pushing hard to drive growth and diversification.

Our drivetrain full year revenue guidance is \$145 million to \$155 million, with adjusted segment profit of \$8.5 million to \$9.5 million, excluding \$5 million to \$6 million of restructuring charges.

We continue to foresee further contraction at our base volumes across our customer base until the turmoil in the industry settles down. We continue to expect to achieve pre-tax annual cost savings of \$6 million in the drivetrain segment and have targeted a 10% segment margin (earning) for the business as we exit 2009.

Our focus for the segment is on diversifying and expanding our product and service offerings by converting pipeline opportunities into wins and on realizing efficiencies related to our consolidation.

Our guidance includes a continued disciplined focus on cost reduction but does not contemplate the impacts of a further deterioration in the current environment, the bankruptcy of any of our customers, or the impact of any regulatory derived shocks.

I would like to thank you for your time today. And Bill we are now available to answer any questions.

Operator: Thank you, Mr. Peters. The question and answer session will be conducted electronically. If you would like to ask a question, you may do so by pressing the star key followed by the digit 1 on your touchtone telephone. If you are using a speakerphone, we do ask that you please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that is star 1 for questions. We'll pause just a moment to assemble our roster.

And we'll take our first question from Torin Eastburn at CJS Securities.

Torin Eastburn: Hi. Good morning.

Todd Peters: Good morning Torin.

Torin Eastburn: Congratulations on a very good quarter. It looks like quite a bit of it was driven by the cost reductions you were able to achieve. Can you just talk about how much you think the gross margin and, specifically, the SG&A are sustainable for the rest of the year?

Todd Peters: Yes, I think - first of all I'd like to congratulate our teams on executing the plan that we had laid out. As I just said, we expect \$15 million to \$20 million of cost savings for the entire year of 2009. And given our results in the first quarter in the logistics segment and if you overlay what we're doing in the drivetrain segment with the restructuring, I think we have the ability to hit those numbers that we've got laid out.

Torin Eastburn: Okay. And then you talked about the destocking in TomTom, which fits with what they spoke of in their release. Have you seen any sign of any kind of restocking yet? And then also in AT&T did you see any effective destocking?

Todd Peters: I think they are two entirely different things. First, as you pointed out, we're impacted by TomTom's sell-in, not the sell-out. So what we just tried to explain was that TomTom stated that the sell-out in North America was still strong and grew 12% quarter over quarter, while the sell-in, the channels - you know, if you think about what was happening at the end of the year coming into first quarter, there was an obvious reaction to people not knowing how bad things were going to be.

Having said that, we don't expect the first quarter run rate to be that for the full year. That's why if you annualize the first quarter revenues for our logistics business, you'll find that the low-end of

our guidance range implies that we think the back half of the year will be stronger than the front half. And that's about all I can really say.

Torin Eastburn: Okay and how about in terms of AT&T?

Todd Peters: Well AT&T, I mean, I think we were really pleasantly surprised. They had a great quarter, you know, all things considered - and our sales were up 8.7% quarter over quarter.

Torin Eastburn: Do you think there were restocking - or, I'm sorry, destocking affects that...

Todd Peters: ...AT&T had a plan to grow their - as we stated at the beginning of the year, AT&T had a plan to grow their business in 2009, albeit at a slower pace. A lot of their inventory's held in company-owned retail stores. And I think that they judged the market appropriately and had a great quarter as a result.

Torin Eastburn: Okay. That's all I have. Thank you.

Operator: And we'll take our next question from Gary Prestopino at Barrington Research.

Gary Prestopino: Hi, good morning everyone.

Todd Peters: Hi, good morning Gary.

Gary Prestopino: Could you maybe go into a little bit about what you're doing on the (cause) or efficiency side in logistics to drive the expense growth down?

Todd Peters: Yes, we've got a wide range of programs. But if you think about a business that's growing at a 34% compound average growth rate from 2003 to 2008, while we've been efficient in our

launches, there's always an opportunity after the program gets into - even after the second quarter, first year, second year of that program, to really reevaluate and continuously drive better results.

And I think our drivetrain organization's had a legacy of doing that, and I think our logistics organization over the last year to two years has really picked up that mantle and really has done a nice job of reinventing the businesses processes underlying what we do.

Gary Prestopino: So it's business processes?

Todd Peters: Yes, absolutely. And taking costs out. I think, you know, one of the things we did last year - remember, we expanded our business into Mexico, and we did that without telling you that, oops, we missed earnings. I think that's part of the disciplined thought process. There's a lot of things that we're doing to continue to be competitive and drive value for our customers.

Gary Prestopino: And depending on the level of business that you have there, you can also, you know - would personnel on the lines - you can, you know, increase or decrease whenever as you see the business coming in or out, right?

Todd Peters: Yes. That's an important element of our whole business model in logistics. Obviously there's a portion of the business that's driven by consumer demand that, as we all know, tends to be (cyclical). So, not fighting that, we've designed our business model to have a certain portion of temporary versus permanent labor pool, which provides us with the flexibility - and the people know that coming in, that these things happen. There is some seasonal and, like, ramp-up growth aspects to our business. So we plan for that and include that in our model.

Gary Prestopino: Can you comment - would (X-ing) out this program from - that you did last year - would the logistics sales have been up quarter over quarter?

Todd Peters: We're not really going to talk about revenues, although I think there was a couple factors, if you think about it. I think TomTom had an extraordinary first quarter in '08 as we were ramping up services and they were growing into the market. I think their quarter was lower than the sell-out rate should have been. So I think there's a couple factors. I think if you - all in all we're very pleased with our quarter and where we're going in 2009 at this point Gary.

Gary Prestopino: Okay. And then in terms of what you're looking for in logistics, have you baked in any new wins into that number?

Todd Peters: What we did, when we refined our guidance for the year - remember we started the year from \$333 million to - what we did is we just basically took \$10 million off the top, more or less. Saying that because we had a slower start on announced new business wins, we think it will be harder to hit the high end. Remember our range at the beginning of the year, and as I just stated, at the low end, considers base business. As you move up the chain you consider a better buying scenario and the impact to new business.

Gary Prestopino: Okay. Thanks.

Operator: Then we'll go next to Matt Dhane at Tietan Capital Management.

Matt Dhane: Great. Thank you very much. I was curious - what's your view about paying back the credit facility here?

Todd Peters: My view currently is that we still have a lot of turmoil in the credit and capital markets. And until we're satisfied that that has gone away, we view this as a very inexpensive insurance program. They have access to the liquidity through the periods that our credit facility's outstanding. So when we -- the board and the management team -- sits down and thinks that, you

know, some of the items have cleared up in the credit market, we'll send it back. But until then, we'll hold it.

Matt Dhane: Okay. Second question, if I could. Are you seeing any acquisition opportunities popping up?

Todd Peters: I think, you know, that the standard response on that is, you know, we keep our eye open, although as I stated on the call in February, we're intensely focused on our organic operations given the pervasive uncertainty in the economy. We're intensely focused on delivering the cost reduction and hitting the numbers we put out this year. Having said that, you know, M&A as of this date isn't our number one focus, but we're not blind to it.

Matt Dhane: Great. Thank you very much.

Operator: Then we'll go next to Craig Kennison with Baird.

Craig Kennison: Good morning everybody.

Todd Peters: Good morning Craig.

Craig Kennison: I apologize for the background noise here. Just one question. Certainly on the cost side you guys have done a tremendous job of protecting your income, really. On the pipeline, maybe that's the one area where you might be disappointed to see it drop sequentially. A couple questions there.

Number one, do you think that the environment with the economy as it is still will create opportunities for you - outsourcing opportunities? And, two, do you still think the win rate that you've discussed in the past, as it relates to those businesses, is still appropriate? And thanks and congratulations.

Todd Peters: Thanks. Let's talk about the pipeline on both businesses. First, on the logistics side, since that's where we've had most of our growth, that's probably where most people are focused. Our pipeline, the last time reported - again, I'll set it up by saying it's like a balance sheet. It fluctuates from time to time.

The pipeline reduced from \$201 million to \$147 million or \$54 million. 70% of that reduction, Craig, was - we had two customers that withdrew ((inaudible)) by the scope of their proposed projects. About 7% of that reduction was due to a merger that happened, and so the project was withdrawn. 10% of that reduction was due to someone that in-sourced it instead. In other words, the project was let out by deciding to keep it in house. And 12% (resulted in net) miscellaneous changes.

So when you think about two customers - the biggest share of the reduction was two customers that put programs out there and modified, then they pulled them back. I think that's just reflective of the current environment where people are still looking to outsource or change their business model and be aggressive on cost.

Now let's put it in perspective. Our current pipeline of \$147 million in logistics is above our historical average of \$130 million. So while we didn't have a good win announced in Q1, I'm going to tell you that the talk that we're having with our customers, the dialogue continues to be robust and it's reflective of our small participation in the, you know, \$28 plus billion market.

The other thing I'd like to point out - if you, you know, follow how we grow our business, is when we get a customer we tend to add additional services. I think that nice point, that I can't spend a lot of time on but I'll just highlight again, was the fact that we launched modest programs with two nationally recognized brands in a consumer space. And we're hoping to be able to grow those as we go further.

Craig Kennison: Thank you Todd.

Operator: Okay. And once again, that is star 1 for questions. And we'll take a follow-up question from
Torin Eastburn at CJS Securities.

Torin Eastburn: Just quickly, what are you doing to prepare for or anticipate the possible loss of iPhone
exclusivity at AT&T?

Todd Peters: If you know that AT&T's lost the iPhone - I know they have a contract that they're trying to
extend. Remember, iPhone - we - it impacts - to the extent that it impacts AT&T, it impacts us.
Remember - I want to remind people that iPhone, as it goes - remember, they sell it to through
Apple stores and through the AT&T stores. And if it goes through the Apple store, we don't touch
it, even though it's hung on the AT&T network.

And for the iPhones that go through the AT&T channel on the forward side, AT&T handles part of
the distribution and we handle part of the distribution. So it hasn't - the iPhone itself hasn't been a
big driver of our revenue. It's AT&T's overall success in the marketplace.

And what I said earlier is AT&T's a leader in integrative devices including the iPhone but they
have others. So I think that AT&T will plan appropriately to bring other products to market and
potentially extend their iPhone exclusivity. I think they'll do anything they can to protect what
they're doing. But I don't think it's a big driver on the downside.

Torin Eastburn: Okay. Thank you.

Operator: And we'll take a follow-up question from Gary Prestopino at Barrington Research.

Gary Prestopino: Yes, could you just give us the percentage of revenues in both divisions to the major customers? You said AT&T was 57%, right? For logistics?

Todd Peters: We said - no, Gary, let me correct that. AT&T, what I said was, grew quarter over quarter 8.7% to \$57.1 million in the first quarter...

Gary Prestopino: ...7.1 million. Okay. Well I can get it from there. But what was the second one? Was it - then it's TomTom is the second largest?

Todd Peters: Well not - on an annual basis, yes, but not for the quarter.

Gary Prestopino: Drivetrain - has there been any material changes from the end of '08 where, you know, it was Ford 33%, Chrysler 12%...

Todd Peters: Yes, I think the Allison reduction was the material change and I highlighted that was one of our biggest causals of the reduction in revenues in Q1 '09.

Gary Prestopino: Okay. And just to be clear - if, you know, if - not knowing what's going to happen with these automobile companies. The government has backstopped all these warranties in regard to your remanufacture programs?

Todd Peters: Well, they've said that they were going to support warranties for any new vehicles sold after March, as of the date that they made the assertion. So our biggest driver probably really isn't that; it's, you know, how many new vehicles are being put in the service pool. What's the sell-in rate? And that's that - the sell-in rate this year has been abysmal compared to historical standards, when you overlay that against an average five-year warranty period.

Gary Prestopino: Right, right. But as far as the existing cars on the road with the warranties that are out there now, they said they are or they aren't going to backstop those warranties?

Todd Peters: My understanding isn't completely clear. My understanding, Gary, is that the date that they made the announcement - from that date forward, any car sold after that date, they would backstop the warranty. What's going to - but here our promise is that any (OE) that goes into bankruptcy - if they don't, you know, support warranties for all the vehicles, you won't sell another new one.

Gary Prestopino: No, I mean, that's a good point. I just want to make sure I'm clear on that as well.
Thanks.

Todd Peters: Yes.

Operator: Okay. And Mr. Peters, with no other questions standing by at this time, I'd like to turn the conference back over to you for any additional or closing remarks.

Todd Peters: Great. Well first of all thank you for joining, everyone, today for our first quarter 2009 call. We're pleased with the start to 2009 in this uncertain economy. I'm really proud of our teams and the way that they've really buckled down and delivered on the cost savings while delivering on customer commitment.

The fact that we were selected to receive the Honda Supplier Performance Award for 2008 is a testimony to our team in the drivetrain business despite all their other difficulties. The underlying business is solid, as is our customer relationships. And I'm really pleased with the progress we've made on the restructuring there. And I look forward to delivering the results that we've outlined to you here today. Thank you.

Operator: And again, that does conclude today's conference call. We do thank you for your participation.

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