

## **AFTERMARKET TECHNOLOGY CORPORATION**

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

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the ATC Technology Corporation's Second 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 would like to turn the conference call over to your host for today's agenda, Mary Ryan. Please go ahead.

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 second 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'd 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 statements of historical fact including statements that are predictive, that depend up on 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 to 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'd 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'll provide a brief overview of the company's second quarter results. Second, I will highlight the factors that impacted each of our business segments. Third, I'll provide a summary of our new business opportunities in each segment. And after Ashoka presents additional details on the second quarter, I will then discuss our guidance for the balance of the year.

Please turn to slide 6 for the company's second quarter performance. As we anticipated, the second quarter of 2009 was mixed from a business perspective.

Total sales of 118.5 million for the second quarter were down 12.6% from second quarter 2008. There are two primary drivers for the decline that were partially offset by two positive factors.

First related to the decline. We experienced ongoing weakness across the board in our drivetrain business and second our revenues with TomTom were significantly less than the prior year as we faced a difficult comparison following the ramp up of new service offerings in the second quarter of 2008 when TomTom became the second largest customer in our logistics segment.

On the positive side, we benefit from continued strength in the wireless market and secondly we benefited from the launch of new programs in late 2008 and 2009 with customers in our logistic segment on an adjusted basis for the second quarter.

We reported earnings per diluted share from continuing operations of 54 cents versus 42 cents in the second quarter of last year. Despite the challenging environment we continued to deliver solid results in our logistics business and we continued to benefit from cost reduction and efficiency improvements in both segments.

The impending loss of Honda's remanufacturing transmission program drove a goodwill impairment charge that coupled with overall drivetrain restriction charges are expected to total \$1.54 per share for the year. Going forward I expect our new engine program wins in drivetrain to only partially mitigate the Honda loss.

Our liquidity position remains strong with \$29 million in net cash as of June 30 and \$150 million (private) 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 \$84.9 million, down a modest 1.8% with segment profit of \$15.7 million, up 37.7%. I could not be happier with the performance of our logistics segment during the first half of this year.

Our results reflect the fact that despite the tough economic environment, demand for our customers products and services remain strong. This is a credit to the power of their brands. In fact, our business with AT&T grew 17% quarter over quarter to \$60.9 million.

Our business with TomTom decreased \$12.2 million or 54.4% quarter over quarter. Sequentially our business with TomTom increased 36%. Our revenues for the full year are expected to be down with TomTom as a result of the difficult comparison in 2008 when we were engaged in a ramp up of services and a system fill of TomTom's finished goods inventory for their retail channels.

The significant swings in results are complicated by a combination of factors such as seasonal impact, new product introduction and more importantly retail inventories and ordering patterns. These factors make for difficult quarterly comparisons.

I think the key thing to focus on is TomTom's performance in the marketplace. And to that end, TomTom's business held steady during the quarter as end user's demand in the North America market for their personal navigation devices grew 2% and where TomTom enjoyed the 18% market share.

Revenue with customers other than AT&T and TomTom increased 15% year over year. I am also pleased to share with you the fact that we have launched initial programs in late 2008 and early 2009 with three new customers that bear household names.

Due to non-disclosure agreements, I can't share a lot of information today but I can tell you that they are leaders in their respective markets and these wins represent an important step in terms of diversifying our customer base.

We hope to grow these initial programs into longer-term relationships as we have with many others by starting small and proving our wide range of capabilities. We also continue to deliver on cost reductions and coupled with an overall favorable mix of services, delivered a solid operating margin of 18.5%.

Shifting to drivetrain, please turn to slide 8. While this has been a most difficult quarter for our drivetrain business, I am proud of our job - the job our team has done to complete the restructuring efforts we announced late last year.

During the quarter, we moved the production for over 1000 part numbers to our Oklahoma City facilities and had prepared the Springfield facility to be returned to the (lesser).

In terms of performance we continue to experience across the board softness in our drivetrain business volumes. In the second quarter of 2009 we experienced a decline in sales of 31.6% quarter over quarter.

Our 4.7% adjusted segment margin was impacted by negative operating leverage. However, it is worth noting that the profitability in the segment is up sequentially due to benefits beginning to be realized for restructuring efforts that we initiated late last year.

Honda's decision to insource the remanufacturing of automatic transmissions was difficult news particularly for a business in the middle of restructuring. The production of remanufactured transmission for Honda is expected to be substantially completed by year-end and we continue to

work with Honda to finalize the details of the line down. Honda will remain a customer with other products and services albeit on a smaller scale.

During the second half of the year we expect to record additional restructuring charges of \$1.5 million in the drivetrain segment primarily related to (severance).

On the positive side, I am pleased that we have been awarded new business with Chrysler and Subaru to supply remanufactured engines and related components thereby strengthening our product portfolio in North America, a platform from which we can continue to grow.

Although these programs won't completely mitigate the loss of Honda's business, we expect them to contribute approximately 15 to \$17 million in annualized revenue.

We expect to launch these programs at our Oklahoma City facility during the third quarter with 7 to \$9 million in expected 2009 revenue. These wins are significant, as they will help to stabilize the segment's business.

I'm also pleased that our customers Chrysler and GM emerged from bankruptcy with new balance sheets and a newfound sense of optimism for the future.

So given the current market environment and corresponding challenges, on a go forward basis once we complete all restructuring actions, we expect the drivetrain business to achieve an adjusted segment profit in the low single digit range.

Rest assured we are aggressively working on efforts as demonstrated by the engine wins and growth the business over time.

Now to our new business pipeline 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 see on the left for the logistics business, we currently have \$108 million of annual revenue opportunity across 11 unique customers.

Year to date we won \$29 million in annualized new business with existing and new customers. This business has been launched and is included in our full year guidance.

Our new business pipeline continues to reflect a diversified range of customers and products expanding the wireless broadband cable and high-end consumer electronics market. We have solid existing customer relationships and our team remains actively focused on expanding these opportunities.

Looking at the right side for drivetrain, we currently have \$51 million in new business opportunities across 12 unique customers after winning \$18 million in annualized revenue year to date.

The reduction in the drivetrain pipeline reflects our recent engine program wins. However, we believe we will generate additional interest once the production of engines and the related components is established.

Company wide we are pursuing a total of \$159 million in new opportunities with 23 customers. I continue to feel confident about our ability to generate and land new business opportunities.

At this time, I'd like to turn to call over to Ashoka and he will present additional detail for the second quarter. Please turn to slide 10.

Ashoka Achuthan: Thank you, Todd. Good morning everybody. My comments today will cover the following. Our consolidated results of our operations for the three months ended June 30, 2009 and our consolidated cash flow and net debt highlights.

Please turn to slide 11 where we show our operating results for the three months ended June 30, 2009 compared to the three months ended June 30, 2008.

Net sales decreased \$17.1 million or 12.6% to \$118.5 million for the second quarter of 2009 from \$135.6 million for the same period last year. This decrease was mainly due to three factors.

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

Second, lower sales to TomTom particularly due to the system full of inventory in the distribution (channels). That benefited the second quarter of 2008 and third, scheduled price concessions to certain customers primarily in our logistics segment granted in connection with long-term contract renewals.

These decreases were partially offset by continuing strength with AT&T in the underlying wireless, broadband and cable markets and by the impact of new business in our logistics segment in the second quarter of 2009.

Moving on to operating income. For the second quarter of 2009 we had an operating loss of \$21.9 million compared to a profit of \$14.5 million for the same period last year.

Included in this quarter's results are pre-tax charges of \$37 million related to the impairment of goodwill and \$2.1 million related to consolidation and restructuring of our North American drivetrain business. Excluding these charges, adjusted operating income of \$17.2 million increased \$2.7 million or 18.6% from \$14.5 million in the second quarter of 2008.

This increase is primarily attributable to delivering on our cost reduction targets with our lead and continuous improvement programs and other cost reduction initiatives in 2009 and a favorable mix of services partially offset by the impact of reduced volumes, primarily in the drivetrain sector, which continues to be impacted by negative operating leverage. And as I mentioned earlier, scheduled price concessions to certain connections - to certain customers particularly in the logistics segment granted in connection with their long term contract renewals.

Loss from continuing operations was \$16.6 million or 85 cents per share compared to income of \$9 million or 42 cents per diluted share in 2008. Excluding the goodwill impairment charge of \$26 million net of tax or \$1.32 per diluted share and excluding the restructuring charges of \$1.3 million net of tax or 7 cents per diluted share, adjusted income from continuing operations was \$10.7 million or 54 cents per diluted share compared to \$9 million or 42 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 repurchase program benefited adjusted earnings for the quarter by four cents per share compared to the second quarter of 2008.

As an update to our restructuring efforts, I would like to point out that the restructuring of our drivetrain business initiated in 2008 has been substantially completed on time and well within our cost expectations.

Of the \$(5.3) million in restructuring charges we have recorded year to date, \$1.3 million remain to be paid primarily during the second half of this year. Furthermore, for the additional \$1.5 million in restructuring charges that we recently announced, we expect that approximately a third of this will be paid during the balance of 2009 with the remainder during 2010.

Please turn to slide 12 where we show cash flow and net debt highlights for the six months ended June 30, 2009. Adjusted cash flow from operations was a source of \$14.8 million for the first half of 2009 as compared to \$4.8 million in the same period last year, an increase of \$10 million primarily attributable to the build up of working capital to support new business growth in 2008.

As Todd mentioned in his comments, we are finalizing our transition plans with Honda and we expect this to result in a favorable impact to working capital upon completion as we wind down our receivable and inventory positions.

Capital spending for the first half of 2009 was \$2.8 million primarily related to maintenance and cost reduction initiatives in both our logistic and drivetrain segments. This compares to eight million in the prior year, which reflects investments supporting new business launches in logistics.

Our full year projection for capital spending which includes the modest investment in the engine remanufacturing assets is between 9 and \$11 million as compared to \$11.3 million in 2008.

The investment in the engine remanufacturing program is modest and meets our investment criteria. While initial returns will be impacted by start up inefficiencies, we believe that this investment will give us a base capacity for future growth.

Cash provided by financing activities of 69.6 million primarily reflects the preemptive draw down on our credit facility to enhance our liquidity - to enhance our liquidity position against continued uncertainties in credit markets.

After this draw, we had \$79 million of borrowing capacity remaining on our credit facility resulting in total liquidity of \$178 million. The prior year use of \$16.4 million reflects the impact of 2008 stock repurchases.

Finally, we closed the quarter out with a net cash position of \$29 million.

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

Todd Peters: Thanks Ashoka. Please turn to slide 13 for our outlook for the balance of the year.

While we expect 2009 to continue to be a challenging year for our business given the uncertainty in the economy especially related to consumer confidence, we remain cautiously optimistic in our outlook for the second half of the year in large measure driving by the end user demand for our logistics customers products and services.

I am proud that we have the financial flexibility to adapt quickly to changes and we have a disciplined approach to cost management that permeates throughout the company and delivers results as we have repeatedly demonstrated.

Based on what we foresee for the balance of 2009, we are updating our full year guidance. Our full year revenue guidance is now 485 to \$505 million, with adjusted income from continuing operations of 40 to \$43 million.

Our logistics full year revenue guidance is 338 to \$355 million. The low end of the range includes the benefit of the recent new business wins and adjustments to base demand including an anticipated seasonal increase in connection with the holiday season.

The high end of the range includes a more optimistic view of base demand and additional new business opportunities. We expect strong segment profit of 59 to \$62 million. Our team continues to push hard to drive growth and diversification.

Our drivetrain full year revenue guidance is 147 to \$150 million with adjusted segment profit of 6 to \$7 million. We continue to foresee contraction in our base volumes across our customer base but I am excited about our entry into the engine business as I believe that this will be a real plus in terms of stabilizing the business.

Our guidance for GAAP earnings per diluted share from continuing operations is 51 to 61 cents including \$1.54 per share of charges for goodwill impairment and restructuring in our drivetrain business. Our earnings per share for 2009 on an adjusted basis is \$2.05 to \$2.15. We expect to generate pre-cash flow of 37 to \$40 million.

Our 2009 guidance is dependent on the following. Second half seasonal strength in consumer electronics market that we service, realizing post restructuring efficiencies in drivetrain, an efficient launch of our new engine programs, winding down our Honda programs within cost expectations, successfully converting pipeline opportunities into new business wins and no additional macroeconomic shocks.

And finally, our guidance includes a continued disciplined focus on cost reductions.

I'd like to thank you for your time today and Kristin we are now available to answer questions.

Operator: Thank you. Our 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 telephone. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, please press star 1 on your phone at this time to ask a question.

We'll take our first question from Gary Prestopino with Barrington Research.

Gary Prestopino: Morning everyone.

Mary Ryan: Morning.

Todd Peters: Good morning.

Gary Prestopino: I want to talk about drivetrain a little bit here. Is it safe to say that the restructuring that you're doing related to the loss on Honda is more on the personnel side than facilities? I mean have you taken down the facilities to where they need to be?

Todd Peters: Yeah. I think what we talked about Gary is right. On the manufacturing side we think we have the right footprint. We did talk mostly about our restructuring to be personnel and warehouse related.

Gary Prestopino: Okay. So then as you look at this new business with (reman) engines, I mean this is a new endeavor for you in the United States. Correct?

Todd Peters: Correct.

Gary Prestopino: So is there - is there something of a learning curve here that you've got to put your people through? I guess - I guess the reason I'm getting at is that, you know, you said that you would - with the Honda business at the end of this year you'd exit at a 10% operating margin or close. Now you're kind of saying a 4% operating margin. Is this just an inherently lower margin business versus the (reman) of transmission?

Todd Peters: Well I think the way to think about it is this Gary. First of all, you know, the engine business is smaller in scale. You know, we did \$50 million with Honda last year and we said we were going to do 32 to \$34 million. And we said once the business is, you know, up to speed it's going to be 15 to \$17 million.

So by definition our words are chosen carefully. It's only going to partially mitigate. And as we think about the puts and takes of the business and the restructuring and the benefits that'll accrue into 2010, we think because of scale issues this business will only operate in the low single digit margin area for the balance of 2009 and for 2010.

Gary Prestopino: Okay. And did you take this away from another outsource provider?

Todd Peters: Essentially yes.

Gary Prestopino: Okay. So if you look at your drivetrain business right now, with this engine (reman) business, I mean what percentage capacity are you - are you using in the United States?

Todd Peters: Yeah. The capacity question's interesting because of our lower volumes right now and that we're only working one shift operation. So we've got, you know, significant capacity using the clock and we've got a modes amount of capacity on the physical side.

Gary Prestopino: Okay. And then turning towards logistics, can - these new business wins that you talked about, can you give us some idea of what the annualized revenue would be from these wins?

Todd Peters: Well I think in my remarks we said that in year to date in the logistics segment we won \$29 million of annualized business.

Gary Prestopino: Right. So you've won about \$2 million in Q1, so this would be about - what is it, about a \$27 million?

Todd Peters: Yeah. The way to think about that is yeah, we had some initial programs that we're working on that crossed our threshold for reporting and so that's one way to think about it.

Gary Prestopino: Okay. And then lastly you talked about some mix issues that benefited logistics in the quarter. Was that a mix issue where there was just more forward business done versus reverse?

Todd Peters: No. I think it was just broader than that. I think if you look back to the last quarter when we were ramping up TomTom and doing - and winding down some other programs, we had a 13.5% (segment) profit. And we flushed through some of the, you know, start up and learning issues.

Gary Prestopino: Okay. Thanks guys.

Todd Peters: You're welcome.

Operator: We'll go next to Torin Eastburn with CJS Securities.

Torin Eastburn: Hi. Good morning.

Todd Peters: Hey, good morning.

Torin Eastburn: You've talked in the past about a - like a three year goal of logistics EBIT margins in 12 to 14% range but you've had excellent performance and you've been above that range for the last four quarters. What are your thoughts on maybe a revised more long-term logistics margin goal?

Todd Peters: Yeah. Thanks for the question Torin. You know, at the beginning of this year given the uncertainty and the economy and a number of other factors, we stopped the (fact) of kind of get into three year kind of long-term guidance. At this point we're only comfortable talking about, you know, the balance of 2009 where our logistics margins.

You know, if you look at the guidance we gave today, it suggests a 17 to 18% kind of operating range.

Torin Eastburn: Okay. And of the \$29 million that you've won this year, how much of that will actually affect 2009 revenues?

Todd Peters: Okay. I'll go back to - yeah. That's a great question. So let's go back and revisit what I said on the guidance. I said our guidance for logistics includes the benefits of the new business.

Torin Eastburn: Okay.

Todd Peters: And so - substantially I'd say a high percentage, an extremely high percentage is in this year's revenue.

Torin Eastburn: Okay. And then my last - what is your carrying value right now of drivetrain on the balance sheet?

Todd Peters: That's a number we haven't disclosed. But it's, you know, basically down to tangible book values. It's all of our intangibles have been written off as of this point.

Torin Eastburn: Okay. Thank you.

Operator: As a reminder if you would like to ask a question today, you may do so by pressing star 1 at this time.

We'll take our next question from Craig Kennison with Robert W. Baird.

Craig Kennison: Good morning everybody.

Mary Ryan: Morning.

Todd Peters: Morning Craig.

Craig Kennison: Well congratulations on executing in a very unusual quarter. First question is on the pipeline. In the past you've talked about the potential that the recession may create some opportunities as customers reconsider their insource strategies and maybe look to an outsourcing type strategy. Is that playing out or are there really different factors that are driving your wins recently?

Male: Right. Thanks Craig. You're right. That's the way we kind of viewed it coming into the year. And I think what we've learned over the last six months is that it's really a tale of two cities.

I think what you have is I think you have a stronger more progressive company really looking past the recession and doing the things that they need to do so we're seeing opportunities.

But we are seeing a little bit of a pullback where companies are on a margin or not performing as well, not investing the time or the resources to consider maybe changes.

Having said that, we believe that our pipeline is robust and we're continuing to have great dialog with the companies that are progressive and looking to make changes.

Craig Kennison: Thank you. And then the Honda loss certainly highlighted the customer concentration risk of the business. Have you and the board considered strategies to accelerate revenue diversification? Obviously you've got the customer wins, which are very important. But would you consider, you know, acquisitions to accelerate that process?

Todd Peters: Yeah. Thanks. I have the - I have the dialog not only with my board but with my - the leadership teams in both of our segments. And we're entirely focused on that. But as it relates to your question on acquisitions, we're definitely, you know, looking out on the logistics side ways that we can either acquire or otherwise invest in opportunities to augment our capabilities to better serve our customers.

I mean we're talking about things that are, you know, very close to what we do today that have obvious industrial logic.

Craig Kennison: Okay. When - would you consider - I mean is it - is it imperative I guess at all internally to accelerate that? I mean right now AT&T is maybe just under 50% of revenue. It's obviously a great customer and a growing customer but that - it still highlights the risk. Is there an inclination at all to really accelerate that process?

Todd Peters: I don't think accelerate. Of course we'd like results faster. But I think we have to be disciplined and patient. We have a great pipeline. We have a good set of services and a business model. You know, so my first order of business is to continue to grow organically. And then

opportunistically look at the areas where we can acquire or invest to address the longer-term risk on diversification.

Craig Kennison: Okay. Great. Thanks Todd.

Operator: We'll go next to Gary Prestopino with Barrington Research.

Gary Prestopino: Yeah. Todd at the beginning of the year what was your targeted cost efficiencies you were trying to take out or process improvements? Was it somewhere between 15 and \$20 million?

Todd Peters: That number is about correct.

Gary Prestopino: Okay. So are we - are you going to hit the high end with everything that you've done here in terms of the drivetrain restructuring or is it going to be in excess of that?

Todd Peters: Well, it's a little hard Gary but we are going to hit our drivetrain numbers as I said in my remarks. We completed our restructuring. We're starting to see the benefits. We have some additional work to do on the efficiency side. So the drivetrain number that we talked about will hit.

It obviously gets lost in the noise a bit losing the contribution on Honda. But on the logistics side, I would say we are on target because if you just tracked our earnings and where we're at, we're right where we said we'd be.

Gary Prestopino: Okay. And then lastly getting back to Craig's question about diversification, on logistics is there anything in that new pipeline for logistics that is a new potential market opportunity for you?

Todd Peters: Yeah. There are a couple things that are new market type opportunities. I'd say - by vertical it looks similar. But I think if you look at the underlying opportunities, there's definitely some different things in there.

Gary Prestopino: Okay. So you're still actively looking at the medical market for instance, medical device?

Todd Peters: Well medical's not in the pipeline.

Gary Prestopino: Oh it's not in there.

Todd Peters: At this point. Remember these are qualified opportunities. Are we looking at that? Yes. Are we looking at other vertical opportunities? Remember that the pipeline we have today is a snapshot of opportunities that are actively being worked.

Gary Prestopino: Okay.

Todd Peters: So to your question related to that pipeline, yes there are some interesting opportunities in there. Outside of that we continue to search for other opportunities but are not - but those are not yet qualified.

Gary Prestopino: Okay. Thanks.

Operator: We'll go next to Matt Dhane with Tieton Capital.

Matt Dhane: Great. Thank you. I was hoping you could discuss your enthusiasm for future logistics wins.

Todd Peters: Yeah. I'm very enthusiastic about future logistics wins.

Matt Dhane: You see some real strong potential then in your pipeline?

Todd Peters: Well I would say - again, I'll describe it two ways. I'll describe what's in our pipeline today and with other things that aren't qualified yet. In other words, I think we're having the right types of conversations with customers and partners that are good for the long-term health of this business without being too finite.

Matt Dhane: Great. Thank you.

Operator: We'll take our next question from Torin Eastburn with CJS Securities.

Torin Eastburn: I have just one more quick one. Historically in logistics your revenue has been strongest in the fourth quarter but that wasn't the case last year I think probably because of everything that was going on in the economy. From where you stand now what would you expect for this year?

Todd Peters: Well, as I said, you know, in kind of describing what happened in the second quarter, you know, one of our customers, TomTom, has a retail stocking model. And it's really difficult Torin to pin down how that'll play out month by month because of retail ordering patterns. But we definitely expect, you know, some seasonal impact assuming we're going to have a season this year. And, you know, you're reading the same things I am.

But our customers are optimistic based on, you know, demand to date that, you know, there will be, you know, a list in the second half of the year compared to the first in terms of demand. The question is is how much. And that goes back to consumer confidence.

Torin Eastburn: Okay. Thanks Todd.

Operator: We'll take our next question from Alex Brand with Stephens.

Alex Brand: Hey guys.

Male: Hello Alex.

Alex Brand: Most of my questions have been asked but with respect to the acquisition opportunities out there, it sounds like there are some potentially complementary deals that are not too difficult to roll in. What's the pricing environment like? Have expectations become reasonable on the seller's parts?

Todd Peters: I don't - I don't know. I'm trying to think back my history when seller expectations were ever reasonable.

Alex Brand: Right.

Todd Peters: So I don't know how to exactly how to answer that. But all I can tell you is, you know, absent their expectations, you know, our view is we're going to be disciplined in our approach to do things that make sense and help the long term prospect of the company.

Alex Brand: Fair enough. With respect to the three new customers you said - I think you said consumer electronics. What types of services are your providing for those customers?

Todd Peters: There are a typical suite of services so there's nothing outside of what we do today. And because I'm on non-disclosure, I can't give you any more detail than that. But hopefully we can grow this to a size that we'll be able to talk about them.

Alex Brand: Okay. Yeah. I think we'd like that. And with respect to the logistics pipeline and maybe this is just because I'm newer to the story, but 147 last quarter, 108 this quarter. Is that, you know, fewer opportunities now than a quarter ago or did you put some of the - some of those are in your new customer wins?

Todd Peters: That's right. The significant reason for the drop is because of the moving from the pipeline to the winning category.

Alex Brand: All right. Perfect. That's for the time guys.

Todd Peters: (Thanks) Alex.

Operator: We'll take a follow up from Gary Prestopino, Barrington Research.

Gary Prestopino: Yeah. Just a real quick one. Do you have handy the percentage of sales breakdown in the drivetrain that went to Ford, Honda, Chrysler, (Allison), GM or do we have to wait until you file the Q?

Todd Peters: Well, you know what, we do have it handy but for those that's listening, we filed our Q last night and so it is available...

Gary Prestopino: Okay. Thanks. Thanks Todd. I didn't know that.

Todd Peters: Okay. You're welcome.

Operator: This will conclude today's question and answer session. At this time I'd like to turn the conference back over to Mr. Todd Peters for any additional or closing remarks.

Todd Peters: Thank you Kristin. Thank you for your insightful questions. We've had a busy first half. But I feel that we've accomplished much. Our logistics business continues to eclipse our expectations and I am proud of our drivetrain team and their efforts to professional transition the transmission remanufacturing business to Honda while they have simultaneously begun to gear up for a new program (engine).

I continue to remain close to our customers and constantly remind them of our wide range of capabilities. We continue to get our fair share of new business wins despite the ongoing recession.

For those of you that have not visited our new and improved Web site, I encourage you to do so at [goatc.com](http://goatc.com). For those of you who have discovered it, we welcome your feedback. Let us know if there are other things that you'd like to see added.

I look forward to updating you next quarter. Thanks.

Operator: This will conclude today's conference. Thank you for your participation.

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